



**Verified Carbon
Standard**
A VERRA STANDARD

CHESTNUT CARBON CONSERVATION PROJECT



chestnut



**Forest Carbon
Works**

Document Prepared by Forest Carbon Works, PBC

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1 PROJECT DETAILS

1.1 Summary Description of the Project

The United States is home to over 700 million acres of forestland; this is nearly 7.5% of the world's forests, providing clean water, recreation, and other life sustaining resources to Americans. The importance of American forests to the global ecosystem and climate is central to the work of Chestnut Carbon, LLC, a US-based company that seeks to conserve and restore functional forestland throughout the United States for the primary purpose of increasing carbon sequestration. By the year 2030, Chestnut Carbon anticipates acquiring 500,000 acres of land to be locked into durable conservation easements for 125 years of permanent carbon storage. This ambitious plan contrasts with regional common practice among the sellers of these lands: extractive timber harvesting to compensate for decreasing revenues from adjacent agricultural and ranching operations over time due to soil compaction and degradation. By extending rotation ages on these at-risk forests, the project increases carbon storage relative to the baseline case, as well as increases biodiversity and diversity in forest structure. Diverse forest age classes and heterogeneity across landscapes are proven to increase forest resiliency to disturbances such as wildfire, landslides, and insect or disease outbreak (*Stephens 2016*).

To extend rotation ages across the project area, the project activity includes transitioning forestland into sustainable, uneven-aged silvicultural systems, where appropriate. These transition activities include the application of special silvicultural treatments that accelerate the recruitment of trees into standing dead wood, among other treatments. Sponsored by Chestnut Carbon in relation to this project, university research indicates that the promotion of standing deadwood through these treatments significantly increases total carbon storage over time, as compared to no treatment or extractive timber harvesting. Estimated average GHG emission reductions are 180,565 tons CO₂ equivalent per year, with total reductions over the first project crediting period of 4,514,120 tCO₂e. At document submission, project area is 361 acres.

PAIs will be located across the contiguous United States and southern Alaska. To ensure sustainability in management, Forest Carbon Works requires PAI forestland to be certified by the Forest Stewardship Council (FSC) prior to commercial harvesting under the group certificate managed by Forest Carbon Works (SCS-FM/COC-009247). Approved management plans shall meet both FSC requirements and the requirements specified by the management policies of Forest Carbon Works related to the promotion of even-aged management, biodiversity, water quality and wildlife habitat.

1.2 Sectoral Scope and Project Type

The Chestnut Conservation Project falls under the sectoral scope 14; Agriculture, Forestry and Other Land Use (AFOLU). Within the AFOLU sectoral scope, the project category is Improved

Forest Management, activity is Extended Rotation Age (IFM ERA) and the methodology applied is VM0003 v1.2. This is a grouped project.

1.3 Project Eligibility

The Chestnut Carbon Conservation Project will meet all applicable rules and requirements laid out in the VCS Standard and abide by all regional laws, per Eligibility Criterion 9a. The Approved VCS Methodology VM0003- Methodology for Improved Forest Management Through Extension of Rotation Age (IFM ERA) will be used for project development. This methodology was selected as most appropriate because the project PAIs are currently managed using harvest techniques such as clear cuts, patch cuts, seed tree, continuous thinning, or group selection practices per Eligibility Criterion 7. All instances in the grouped project will be FSC-certified by the start of the crediting period per Eligibility Criterion 3.

Performance methods will be used to quantify GHG emission reductions. This method was selected as most appropriate because benchmark metrics will be established through the development of the baseline model. The project baseline will be reassessed every ten years and the project proponent will ensure that the project activities that lead to the intended GHG benefit will be implemented during the verification period.

The project is not located in a jurisdiction covered by the REDD+ program. Additionally, the project will not convert or degrade native ecosystems for the purpose of generating GHG credits. The project area does not encompass any peat forests, nor will the proportion of wetlands change because of project activities, per Eligibility Criterion 2. There will be no activity-shifting leakage as a result of the project, per Eligibility Criterion 6.

1.4 Project Design

- The project includes a single location or installation only
- The project includes multiple locations or project activity instances, but is not being developed as a grouped project
- The project is a grouped project

This project is a grouped project consisting of multiple PAIs within the contiguous United States and southern Alaska. Addition of new PAIs will follow all Eligibility Criteria defined below. Carbon sequestration will be increased within each instance through the extension of forest rotation age.

Eligibility Criteria

The Chestnut Carbon Conservation Project and all new PAIs will meet all eligibility criteria for the VM0003 Methodology and abide by all federal, state, and regional laws per Eligibility Criterion 9a. See Section 1.3 “Project Eligibility”.

The following eligibility criteria shall apply to all instances added to the project:

1	<p>PAIs shall be entirely forest for not less than 10 years before project start date.</p> <p>a. The FAO defines forest as “land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ” (FAO 2020)</p>
2	<p>PAIs shall not encompass managed peat forests and the proportion of wetlands are not expected to change as part of the project.</p>
3	<p>PAIs shall be certified by the Forest Stewardship Council (FSC) prior to inclusion in the project.</p>
4	<p>PAIs shall have a modelled projection of management practices with and without project scenarios.</p> <p>PAI shall prohibit commercial harvest OR employ an FSC-certified harvest plan to improve carbon storage in forest.</p> <p>Harvest plan shall follow maximum recommended water quality protection measures.</p>
5	<p>Each PAI will fall inside a designated geographic area of the contiguous United States including southern Alaska, and each discrete area of land will have a unique geographic identification.</p>
6	<p>At the start of the project, Chestnut Carbon shall sign a License Agreement (Appendix A) prohibiting any future commercial harvest on PAIs. Chestnut Carbon shall sign Member Lease Agreement upon entry into project vesting legal title to the forest, rights of access to the sequestered carbon (or avoided carbon emissions), current land tenure, and forest management to Forest Carbon Works, PBC.</p>
7	<p>The baseline scenario shall be common practice forest management.</p> <p>Common practice forest management includes harvesting techniques such as clear cuts, patch cuts, seed tree, continuous thinning or group selection practices.</p>

8	If fire is used as part of forest management then fire control measures, such as installation of fire-breaks or back-burning, shall be taken to ensure fire does not spread outside the project area to ensure that biomass burning does not occur outside project area.
9	<p>Participating landowners shall hold timber and carbon sequestration rights and shall convey the right to claim all GHG emissions reductions or removals for the project activity to the project proponent by executing the form of Membership Lease Agreement (Appendix B).</p> <p>a. MLA confirms that project proponent shall abide by all federal, state, and local regulations.</p>

1.5 Project Proponent

Organization name	Forest Carbon Works, PBC
Contact person	Chris McClaren
Title	Chief Product Officer
Address	Highlight Center 807 Broadway St NE, Suite 280 Minneapolis, MN 55413
Telephone	1 (800) 399-5246
Email	cmclaren@forestcarbonworks.com

1.6 Other Entities Involved in the Project

Organization name	Chestnut Carbon, LLC c/o Kimmeridge
Role in the project	Property owner
Contact person	Joseph Byrnes

Title	Investment Associate
Address	412 West 15th Street, 11th Floor New York, NY 10011
Telephone	1-646-517-7259
Email	joe.byrnnes@kimmeridge.com

1.7 Ownership

Timber and carbon sequestration rights shall be owned in fee and the right to claim GHG emissions reductions or removals shall be assigned to the project proponent as required by Eligibility Criterion 9 and upon signature of Membership Lease Agreement; see Appendix B.

1.8 Project Start Date

The project start date is 9 September 2022, the date of signature of the first PAI license agreement by the landowner, per Eligibility Criterion 6. The date of the license agreement confirms that the landowner commits to end commercial harvesting on the PAI, thus moving away from common practice baseline, and begin ERA activity. Further, the landowner shall sign the Member Lease Agreement (MLA) per Eligibility Criterion 9, which requires ERA activity for the duration of the crediting period.

1.9 Project Crediting Period

The crediting period for the project is 25 years. The start of the project crediting period coincides with the start date for the project, 9 September 2022, and the end date of the Project Crediting period is therefore 8 September 2047. The crediting period can be renewed as may be allowed under VCS.

1.10 Project Scale and Estimated GHG Emission Reductions or Removals

The estimated annual GHG emission reductions/removals of the project are:

- <20,000 tCO₂e/year
- 20,000 – 100,000 tCO₂e/year
- 100,001 – 1,000,000 tCO₂e/year
- >1,000,000 tCO₂e/year

Project Scale	
Project	x
Large project	

Year	Estimated GHG emission reductions or removals (tCO _{2e})
2022	3360
2023	29190
2024	55020
2025	80850
2026	106680
2027	132510
2028	158340
2029	184170
2030	210000
2031	210000
2032	210000
2033	210000
2034	210000
2035	210000
2036	210000
2037	210000
2038	210000
2039	210000
2040	210000
2041	210000

2042	210000
2043	210000
2044	210000
2045	210000
2046	210000
2047	194000
Total estimated ERs	4514120
Total number of crediting years	25
Average annual ERs	180565

1.11 Description of the Project Activity

The Chestnut Carbon Conservation Project will achieve GHG emission reductions and removals with IFM ERA management activities across all PAIs. Each project activity instance corresponds to forestland owned by Chestnut Carbon, while Forest Carbon Works has oversight of forest management activities and maintenance of the project. Forest management of project instances will shift from even-aged rotations prioritizing timber production to silviculture that will sequester more carbon than the baseline scenario. Harvesting may or may not take place within project instances, at project proponent's discretion.

If harvesting is approved, per Eligibility Criterion 3, PAIs shall employ an FSC-compliant harvest plan. The project has a goal of long-term forest health and carbon sequestration; this includes *inter alia* silviculture for mixed-age classes, increased biodiversity, forest resiliency, sensitive habitat protection, and watershed security. The project proponent recognizes that each project instance will be managed in regionally specific ways; this includes considering PAI specific goals. These goals may include: enhancing surrounding watersheds for community water supply, recreation, and other goals put forward by Chestnut Carbon.

Forest management plans for each PAI will be provided separately for validation and verification purposes.

Project is not located in a REDD+ jurisdictional area.

1.12 Project Location

As described in Eligibility Criterion 5, all PAIs will occur in the contiguous United States and southern Alaska. Centroid of this geography is approximately 44°58'2.07622"N 103°46'17.60283"W. KML submitted to aid in verification.

1.13 Conditions Prior to Project Initiation

- **Ecosystem type:** The United States has many different ecosystem types, among others, ranging from dry conifer forest, temperate rainforest, to hardwood dominant forests.
- **Current and historical land-use:** Forest land will have not been cleared in the last 10 years as evidenced by historical satellite imagery analysis, is and has been managed for timber and other forest resources.
- Has the land been cleared of native ecosystems within 10 years of the project start date?
 Yes No

The baseline scenario as described in section 3.4 reflects conditions prior to project implementation, per Eligibility Criterion 4. Per Eligibility criterion 1, that PAI has been forested for the last 10 years, will be confirmed using historical aerial imagery analysis over the decade prior to project start date.

1.14 Compliance with Laws, Statutes and Other Regulatory Frameworks

Forest Carbon Works, PBC has policies and procedures in place to maintain compliance with, among others, all the laws listed below, and per Eligibility Criterion 9a, signature of MLA requires all PAIs to comply with all local and state laws not listed. See Section 1.3 and Appendix B.

The following federal laws and regulations are relevant to the project proponent:

- Occupational Health and Safety Act (29 U.S.C. § 651 *et seq.*) establishes health standards for the workplace.
- Fair Labor Standards Act (29 U.S.C. § 201 *et seq.*) establishes labor standards, including minimum wage and overtime.
- Civil Rights Act of 1964 (Public Law 88-352, 78 Statute 241) prohibits discrimination based on race, color, religion, sex, or national origin.
- Americans with Disabilities Act (42 U.S.C. § 12101 *et seq.*) prohibits discrimination based on disability.

Both the baseline and project scenarios follow all relevant regulations and laws, per Eligibility Criterion 9a. The following laws and regulations are relevant to the project:

- Federal Water Pollution Control Act (33 U.S.C § 1251 *et seq.*) establishes objectives for improving water quality and regulates pollution into waterways. Project activities encourage the ongoing improvement of stream water quality, and

forest management plans intend to follow maximum state forestry recommendations for watershed quality protection, per Eligibility Criterion 4.

- National Environmental Policy Act (42 U.S.C. § 4321 *et seq.*) establishes national goals for protection and enhancement of the environment.
- Endangered Species Act (16 U.S.C. § 1531 *et seq.*) protects threatened and endangered species and regulates management of their habitats. Project proponent shall check sensitive species database prior to harvest, if occurring.

The project goal is to increase carbon storage on the landscape while improving the health, diversity, productivity, and ecological functions of the forests under management.

1.15 Participation under Other GHG Programs

1.15.1 Projects Registered (or seeking registration) under Other GHG Program(s)

The project is not registered and will not seek registration under any other GHG programs.

1.15.2 Projects Rejected by Other GHG Programs

The project has not been rejected by any other GHG programs.

1.16 Other Forms of Credit

1.16.1 Emissions Trading Programs and Other Binding Limits

Does the project reduce GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading?

Yes No

The project does not reduce GHG emissions from an emissions trading program, nor does it have any intention to.

1.16.2 Other Forms of Environmental Credit

Has the project sought or received another form of GHG-related credit, including renewable energy certificates?

Yes No

The project has not sought or received any other forms of GHG-related credit, including renewable energy certificates. If, under the Verra regulatory framework, other programs arise that the project is eligible to participate in, FCW will communicate to Verra immediately to comply with any rules and regulations forthwith. Other programs or carbon registries in which the Project may be eligible to participate include the California Air Resources Board Program, American Carbon Registry, and the Climate Action Reserve.

1.17 Sustainable Development Contributions

The Chestnut Carbon Conservation Project will contribute to sustainable development in the United States as defined by and monitored against the United Nations Sustainable Development Goals (SDGs). The project activities will contribute to at least the following SDGs:

SDG 6: Clean Water and Sanitation

Project activities will work to conserve forest ecosystems through improved forest management, extended rotation intervals. Forest ecosystems are imperative to clean water supply. Project instances will also be certified under a rigorous third-party forest certification with external annual audits. This certification requires monitoring and management activities to be implemented that ensures the protection of water quality within project areas.

SDG 13: Climate Action

Project activities will generate GHG reductions and removals by increasing carbon storage across all project instances through improved forest management, increased rotation intervals, and reduction of emissions produced by commercial logging.

SDG 15: Life on Land

Project activities will safeguard life on land through forest conservation. Forests conservation aids in combating desertification, halts and reverses land degradation and halts biodiversity loss. Project instances will also be certified under a rigorous third-party forest certification with external annual audits. This certification requires monitoring and management activities to be implemented that conserve biological diversity and ecological functions of the project areas.

1.18 Additional Information Relevant to the Project

Section not applicable to listing stage.

2 SAFEGUARDS

2.1 No Net Harm

Section not applicable to listing stage.

2.2 Local Stakeholder Consultation

Section not applicable to listing stage.

2.3 Environmental Impact

Section not applicable to listing stage.

2.4 Public Comments

Section not applicable to listing stage.

2.5 AFOLU-Specific Safeguards

Section not applicable to listing stage.

3 APPLICATION OF METHODOLOGY

3.1 Title and Reference of Methodology

Title: Methodology for IFM through Extension of Rotation Age

Reference: VM0003

Version: 1.2

The following tools were utilized for the development of this project:

Title: UNFCCC CDM Additionality Tests

Version: 05.2

Title: AFOLU Non-Permanence Risk Tool

Version: 4.0

Title: Calculation of the number of sample plots for measurements within A/R CDM project activities

Version: 02

Title: Tool for testing significance of GHG emissions in A/R CDM project activities

Version: 01

3.2 Applicability of Methodology

VM0003 Applicability Conditions	Project Conditions
Forest management in both the baseline and project scenario involves harvesting techniques such as clear cuts, patch cuts,	Per Eligibility Criterion 7, the baseline scenario is common practice.

seed tree, continuous thinning or group selection practices.	
Forests which are not subject to timber harvesting or managed without an objective for earning revenue through timber harvesting in the baseline scenario are not eligible under this methodology.	Per Eligibility Criterion 7, the baseline scenario is common practice to the region.
Forests subject to commercial harvesting must be certified by the Forest Stewardship Council (FSC) prior to inclusion in the project.	Per Eligibility Criterion 3, all PAIs will be FSC certified prior to inclusion into the project.
Project proponents must define the minimum project length in their project description document.	The minimum project length is 25 years, as stated in section 1.9.
The project does not encompass managed peat forests and the proportion of wetlands are not expected to change as part of the project.	Per Eligibility Criterion 2, no peat forests will be included in the project, nor will the proportion of wetlands change as part of project activity.
Project proponents must have a projection of management practices in both with and without project scenarios.	Per Eligibility Criterion 4, a projection of project scenario and baseline scenario shall be modeled.
If fire is used as part of forest management then fire control measures, such as installation of fire-breaks or back-burning, must be taken to ensure fire does not spread outside the project area—that is, no biomass burning must be permitted to occur beyond the project area due to forest management activities.	Per Eligibility Criterion 8, if fire is used as part of forest management, all fire control measures will be taken to ensure biomass burning will not occur outside the project area.
There may be no leakage through activity shifting to other lands owned or managed by project proponents outside the bounds of the project area.	Per Eligibility Criterion 6, the project does not allow for activity shifting leakage. Signature of MLA (Appendix B) binds landowners to include all ownership in project.

3.3 Project Boundary

Section not applicable to listing stage.

3.4 Baseline Scenario

Identify and justify the baseline scenario, in accordance with the procedure set out in the applied methodology and any relevant tools. Where the procedure in the applied methodology involves several steps, describe how each step is applied and clearly document the outcome of each step.

Explain and justify key assumptions, rationale and methodological choices. Provide all relevant references.

3.5 Additionality

Section not applicable to listing stage.

3.6 Methodology Deviations

Section not applicable to listing stage.

4 QUANTIFICATION OF GHG EMISSION REDUCTIONS AND REMOVALS

4.1 Baseline Emissions

Section not applicable to listing stage.

4.2 Project Emissions

Section not applicable to listing stage.

4.3 Leakage

Section not applicable to listing stage.

4.4 Net GHG Emission Reductions and Removals

Section not applicable to listing stage.

5 MONITORING

5.1 Data and Parameters Available at Validation

Section not applicable to listing stage.

5.2 Data and Parameters Monitored

Section not applicable to listing stage.

5.3 Monitoring Plan

Section not applicable to listing stage.

APPENDIX

APPENDIX A

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (“Agreement”) is made as of _____ (“Effective Date”) by and between Forest Carbon Works, PBC, a Delaware public benefit corporation (the “Company”) and _____ (the “Landowner”).

BACKGROUND

- A. The Company provides consulting and development services to support landowners in carbon offset projects, including evaluating the feasibility of such projects and the potential for financial value to landowners in generating carbon offsets.
- B. In accordance with Section 4 of this Agreement, the Landowner shall have the right to terminate this Agreement at any time for any reason and without any penalty or cost whatsoever to the Landowner, subject to providing notice to the Company.
- C. The Company has identified certain real property owned by the Landowner (the “Property”) as presenting a potential opportunity for a carbon offset project and the Landowner and the Company desire to further investigate the feasibility of a carbon offset project on the Property (the “Project”).
- D. For purposes of investigating the feasibility of Project and to establish and preserve the date on which the Landowner would be entitled to Back Payment (as defined in Section 3 of this Agreement) from the Company, the Company has requested the right to enter onto the Property, at reasonable times upon reasonable prior notice at no cost to the Landowner, to perform due diligence investigations, and the Landowner is willing to allow such entry upon and inspection of the Property by the Company, subject to the terms of this Agreement.
- E. In consideration of the resources and expertise the Company intends to devote to the investigation of the feasibility of a Project, the Company has requested exclusivity from the Landowner with respect to carbon project development during the Term of this Agreement, and the Landowner is willing to grant such exclusivity to the Company.
- F. In the event the Company determines that a Project is feasible on the Property, and the Landowner agrees to move forward with such a Project, Landowner and Company intend that they will enter into a membership agreement (a “Membership Agreement”) under which the Landowner and the Company will work together to develop and/or maintain such a Project.

G. In the event there is major disturbance to the property, including blow down, fire, ice storm, or another natural disaster, the Landowner agrees to give written notice thereof to the Company within (sixty) 60 days of the event. In the event of the sale or transfer of ownership of the property, the Landowner agrees to give written notice thereof to the Company at least sixty (60) days prior to the date of such event.

NOW, THEREFORE, in consideration of the foregoing Background recitals, which the Company and Landowner agree are accurate and are hereby incorporated in the Agreement, and other valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Landowner agree as follows:

- **Exclusivity.** During the Term of this Agreement, the Landowner grants to the Company the exclusive right to investigate the feasibility of a Project on the Property together with the other rights provided in this Agreement. In consideration of such exclusive rights, the Company agrees to make commercially reasonable efforts to investigate the feasibility of a Project on the Property. The Landowner agrees that it shall not enter into any agreements with, or grant any rights to, any other person or entity for purposes related to carbon project development until the latter of: (a) the expiration of the Term of this Agreement, or (b) three (3) months following the Landowner's receipt of a written notice from the Company that the Company is making a formal offer to enter into a Membership Agreement with the Landowner (an "Offer", if any). The provisions of this Section 1 shall survive the expiration of the Term for a period of three (3) months.

Offer. If the Company makes an Offer to the Landowner, the Offer shall include, without limitation, the estimated annual payment to be made by the Company to the Landowner under the Membership Agreement based upon the number of acres within the Property, provided that such estimated annual payment will be subject to adjustment as will be described in more detail in the Membership Agreement. The annual payment will be at least \$10.00 (ten) dollars per acre per year. In the event the Company makes an Offer to the Landowner during the Term, the terms, covenants, conditions, restrictions, and other provisions of this Agreement, expressly including the property restrictions set forth in Section 5 of this Agreement, will remain in effect until the latest to occur of the following: (a) the expiration of the Term, (b) the date on which both the Landowner and the Company have each agreed upon and signed the Membership Agreement (the "Agreement Date", if any), or (c) the date on which the Landowner rejects the Company's Offer in writing (the "Rejection Date", if any). The Landowner shall not be obligated to accept the Offer.

- **Back Payment.** The following provisions of this Section 3 only apply if the Property constitutes Forest Land. If the Property is not Forest Land, then the provisions of this Section 3 shall not be applicable. For purposes of this Agreement, "Forest Land" means property of at least 40 acres with at least ten percent (10%) average canopy cover across the property. For Forest Land, if the Company makes an Offer to the Landowner during the Term, the Company shall make a one-time payment to the Landowner in the amount of ten (\$10.00) per acre of the Property multiplied by the number of anniversaries of the Effective Date that have occurred as of the date of the Offer (the "Back Payment"). For example, if the Effective Date is March 31, 2022, and the Offer is made on April 1, 2024, two (2) anniversaries of the Effective Date would have occurred as of the date of the Offer for purposes of the Back Payment.

Termination. The Landowner and the Company shall each have the right to terminate this Agreement by giving written notice thereof to the other party at least sixty (60) days prior to the date of such termination. Upon any such early termination, the parties hereto shall have no further obligations other than those which expressly survive termination, and the Company will end its Work (as defined in Section 8 of this Agreement) and will not present an Offer to the Landowner.

- Property Restrictions. The following provisions of this Section 5 only apply if the Property constitutes Forest Land, as defined in Section 3. If the Property is not Forest Land, then the provisions of this Section 5 shall not be applicable. The Landowner acknowledges and agrees that for the Company to accurately investigate the feasibility of a Project and to preserve Back Payment to the Landowner, during the Term (and thereafter following an Offer until the earlier to occur of the Agreement Date or the Rejection Date), the Landowner shall not: (a) perform any Commercial Harvesting on the Property or thinning of the trees on the Property, or (b) sell, transfer, lease, or grant any rights in or to the trees or wood located on the Property as of the Effective Date, or any rights to perform the removal thereof, to any person or entity other than the Company and its Representatives. For purposes of this Section 5, “Commercial Harvesting” means removal of trees other than for: (i) the limited collection of wood harvested and burned for personal use or for limited sale as a heating fuel in the immediate vicinity, or (ii) with the prior written consent of the Company.

Term. The term of this Agreement shall commence on the Effective Date and expire on the date that is three (3) years from the Effective Date, unless this Agreement is earlier terminated by the Landowner or the Company. If the Company does not make an Offer to the Landowner during the Term, then upon the expiration of the Term, this Agreement shall terminate, and the parties hereto shall have no further obligations other than those which expressly survive termination.

- Access. Landowner agrees to cooperate and permit the Company and its affiliates, agents, employees, consultants, and contractors (collectively, “Representatives”) to have reasonable access to the Property at reasonable times upon reasonable prior notice at no cost to the Landowner and, at the Landowner’s option, accompanied by a representative of the Landowner.

Scope of Work. The Company and its Representatives shall have access to the Property to measure the trees located thereon, walk the Property, and examine, inspect, survey, study, test and investigate the Property, as the Company and its Representatives deem appropriate (collectively, the “Work”); provided, however, the Company and its Representatives shall not be permitted to perform any assessments or any other tests that require physical alteration of the Property (including, without limitation, borings or samplings), without the prior written consent of the Landowner.

- Indemnity of the Landowner by the Company. The Company agrees to defend and indemnify the Landowner from and against any costs, damages, liabilities, losses, expenses, liens or claims (including, without limitation, reasonable attorney’s fees) arising out of or relating to any entry on the Property by the Company and its Representatives in the course of performing the Work. The Company shall restore any area on the Property disturbed in the course

of performance of the Work to substantially the same condition existing prior to Work performed by the Company or its Representatives. This indemnity shall survive the termination of this Agreement.

Insurance. The Company shall maintain, at its own cost and expense, or any contractor or agent performing Work on the Property shall maintain, at its sole cost and expense, the following insurance policies: (a) Workers' Compensation Insurance providing statutory benefits and limits, (b) Commercial General Liability Insurance with combined single limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and (c) Motor Vehicle Liability Insurance for all owned, non-owned and hired vehicles with combined single limits of not less than \$1,000,000 per occurrence or \$2,000,000 in the aggregate.

• Miscellaneous. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Property is located. This Agreement shall bind upon and inure to the benefit of the parties hereto and their permitted successors and assigns. This Agreement sets forth the entire agreement and understanding of the parties with respect to the subjects hereof, and supersedes all prior agreements, arrangements and understandings relating to the subject matter hereof. Any change, amendment, or alteration to this Agreement must be in writing and signed by both the Company and the Landowner to be effective. This Agreement may be executed in multiple counterparts all of which when taken together shall constitute one and the same instrument. Electronic signatures may be used in place of original signatures on this Agreement and any amendments thereto.

IN WITNESS WHEREOF, the parties hereto have executed this License Agreement as of the date first above stated.

COMPANY:

FOREST CARBON WORKS, PBC

By:
Name:
Its:

LANDOWNER:

By: _____
Name: _____

APPENDIX B

FOREST MANAGEMENT LEASE AGREEMENT

THIS FOREST MANAGEMENT LEASE AGREEMENT (together with all schedules and exhibits identified herein, collectively, the “**Agreement**”) is made, dated and effective as of the effective date of that certain License Agreement dated ____, 20__ by and between Owner and Grantee (the “**Effective Date**”), by and between [_____] (collectively, and together with [his/her/its/their] successors, assigns and heirs, comprising “**Owner**”), and [Forest Carbon Works, PBC], a Delaware public benefit corporation (together with its transferees, successors and assigns, “**Grantee**”), and in connection herewith, Owner and Grantee agree, covenant and contract as set forth in this Agreement. Owner and Grantee are sometimes referred to in this Agreement as a “**Party**” or collectively as the “**Parties**”. Terms used in this Agreement but not otherwise defined herein shall have the meanings ascribed to such terms in the attached Exhibit C.

1. **Grant of Lease.** For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Owner and Grantee, upon the terms and conditions set forth in this Agreement, Owner hereby grants and conveys to Grantee an exclusive leasehold interest in and to surface estate of the Forestland (as defined in Exhibit C), including, but not limited to, the air space thereon, including that certain real property located in [_____] County, (the “**County**”), State of [_____] consisting of [_____] (_____) acres, as more particularly described in Exhibit A attached hereto and incorporated herein for the purposes set forth herein.

1.1 **Purposes of the Lease.** The Forestland’s values include its capacity to support long-term productive forest management, allowing for economically and ecologically sustainable harvest of high-quality forest. The Forestland’s values also include its capacity to sequester atmospheric carbon dioxide and store carbon as a means to mitigate climate change. This Agreement is for purposes of a Project (as defined in Exhibit C), including ancillary rights related thereto and necessary for the development, operation, control and monitoring of a Project, and not for any other purpose, and Grantee shall have the exclusive right to develop and use the Forestland for a Project and to derive all profits including, without limitation, Offset Credits (as defined in Exhibit C) including but not limited to, the following activities (collectively, “**Project Activities**”): determining the feasibility of a Project on the Forestland or on adjacent lands, including any surveys, studies, and investigations of the Forestland as Grantee determines, in its sole discretion, may be necessary, useful, or appropriate; and monitoring and operating the Project. Pursuant to Section 5 of this Agreement, the Parties intend that Grantee shall have sole right, title, and ownership in and to any and all Carbon Rights (as defined in Exhibit C) associated with or resulting or derived from the Project or the Forestland including, without limitation, the exclusive right to be issued Offset Credits. In addition to the foregoing rights, Grantee shall have the exclusive right to control and operate the Project and all Project Activities related and ancillary to, and associated with, the Project.

1.2 **Other Uses.** Subject to Section 9 below and Owner’s obligations and restrictions listed on Exhibit E, Owner reserves the right to use the Forestland for any purpose other than Project purposes; provided, however, that such uses shall exclude use of the Forestland for the development of any other carbon sequestration or offset project. During the Contract Period (as defined in Section 3.3), Owner agrees to provide Grantee with current information concerning the status and location of all other land uses occurring on the Forestland. Any new leases or renewals and or extensions of existing leases, options to lease, seismic operations, or any other agreement made by Owner with a third party regarding the Forestland (including any of the foregoing related to water, oil, gas or other minerals) shall contain

language that states that such third party shall not disturb, interfere with, preclude, or destroy Grantee's rights hereunder.

2. **Grant of Additional Rights.** Owner hereby grants, conveys and warrants to Grantee the following additional rights upon, over, across and under the Forestland:

2.1 **Access Easement.** A non-exclusive easement for ingress to and egress from the Project or Projects (whether located on the Forestland, on adjacent property or elsewhere) over and across the Forestland.

2.2 **Other Easements.** All other easements reasonably necessary to accomplish the activities permitted by this Agreement, including but not limited to those activities described in Section 1.1.

3. **Term of Contract Period.**

3.1 **Development Term.** This Agreement shall be for an initial term (the "**Development Term**") commencing on the Effective Date and continuing until earlier to occur of: (a) the date on which Grantee provides written notice to Owner of its election to extend the term of this Agreement for the Original Term, or (b) the date that Grantee terminates this Agreement.

3.2 **Original Term.** The period commencing on the date on which Grantee extends the term hereof for the Original Term pursuant to Section 3.1 and expiring upon the earlier to occur of (a) November 30, 20__, and (b) termination of this Agreement.

3.3 **Extended Term.** Provided that Grantee has not fully surrendered or terminated this Agreement, then on or before the expiration of the Original Term, Grantee may, at its option, extend the term of this Agreement for up to three (3) additional periods of six (6) years each, subject to the following provisions of this Section 3.3 (each an "**Extended Term**", respectively the "**First Extended Term**", the "**Second Extended Term**", and the "**Third Extended Term**", and collectively with the Development Term and Original Term, the "**Contract Period**"). Grantee may exercise its option to extend this Agreement for the Extended Term by giving Owner written notice thereof on or before the date that is thirty (30) days prior to the expiration of the Original Term or each Extended Term, as the case may be; provided, however, that Owner shall, within ten (10) days following receipt of written notice from Grantee of Grantee's exercise of its option to extend this Agreement for the Extended Term, by written notice to Grantee, elect to either: (a) accept Grantee's extension of the Agreement for the Extended Term, (b) reject Grantee's extension of the Agreement for the Extended Term and elect to continue the Project with a different Project developer pursuant to a new agreement by providing written notice of such rejection and election to Grantee; provided, however, such transfer of the Project to a new developer is allowed by and subject to any requirements of the applicable Carbon Registry (as defined in Exhibit C) and to the relevant Transfer Policy (as defined in Exhibit C) of the Grantee, or (c) reject Grantee's extension of the Agreement for the Extended Term and elect to not continue the Project with a different developer pursuant to Section 3.3(b), in which case Owner shall pay the Termination Payment to Grantee pursuant to the terms and provisions of Section 13.4. In Grantee's sole discretion, Grantee may adjust the amount of the Annual Payment as an addendum to Exhibit B upon the event of Grantee's extension of the Agreement for each Extended Term, however such change in Annual Payment shall never be less than the amount of the Annual Payment set forth in Exhibit B.

4. **Payments to Owner**. In consideration of the rights granted hereunder, Grantee will pay Owner the amounts set forth in Exhibit B attached hereto. Exhibit B shall not be recorded without the specific prior written consent of Grantee.

5. **Assignment, Title to and Ownership of Carbon Rights**. Owner hereby conveys to Grantee, without reservation, any and all Carbon Rights that may be associated with or resulting or derived from the Project or the Forestland and Grantee hereby accepts all such Carbon Rights. Owner shall have no ownership, lien, title, security or other interest in any such Carbon Rights. Except for payments to Owner described in this Agreement, including Exhibit B, Owner shall not be entitled to any other payments or benefits accrued by or from the Project, including, but not limited to, Carbon Rights.

6. **Taxes**. Owner shall pay all Property-Related Taxes (as defined in Exhibit C). If Grantee pays any taxes, assessments, and/or real property taxes on behalf of Owner that are Owner's obligation hereunder, Grantee may offset the amount of such payments against amounts due from Grantee to Owner under this Agreement.

7. **Indemnity/Liability**. Each Party (the "**Indemnifying Party**") shall defend, indemnify and hold harmless the other Party and such other Party's Related Persons (as defined below) (each, an "**Indemnified Party**") from and against any and all third party (excluding Related Persons) claims, litigation, actions, proceedings, losses, damages, liabilities, obligations, costs and expenses, including reasonable attorneys', investigators' and consulting fees, court costs and litigation expenses (collectively, "**Claims**") suffered or incurred by such Indemnified Party, arising from the negligence or intentional misconduct of the Indemnifying Party. Notwithstanding the foregoing to the contrary, Grantee may elect, upon written notice, to control any or all aspects of the defense of any legal action covered by the prior sentence.

7.1 In no event shall either Party be liable to the other Party to the extent any Claim is caused by, arising from or contributed by the negligence or intentional misconduct of such other Party or any Related Person thereof.

0. Except for payments expressly required herein, in no event, whether as a result of breach of contract, warranty, indemnity, tort (including negligence), strict liability or otherwise, shall either Party be liable to the other Party for loss of profit or revenues, loss of business opportunities or for any other special, consequential, incidental, indirect or exemplary damages.

7.3 In no event shall either Party or its Related Persons be liable to the other Party for expenses incurred in such other Party's lawful enforcement of its rights under this Agreement for a default during any applicable cure period. As used herein, the term "**Related Person**" shall mean, with respect to Owner, any principals, employees, servants, guests or invitees of Owner or those third persons over whom Owner exercises actual control; or with respect to Grantee, any affiliates, contractors, lessees, and sublessees of Grantee, and each of their respective, principals, officers, employees, servants, agents, representatives, subcontractors, licensees, invitees, and/or guests.

8. **Grantee's Representations, Warranties, and Covenants**. Grantee hereby represents, warrants, and covenants to Owner that:

8.1 **Grantee's Authority**. Grantee has the unrestricted right and authority to execute this Agreement. Each person signing this Agreement on behalf of Grantee is authorized to do so. Upon execution by all Parties hereto, this Agreement shall constitute a valid and binding agreement enforceable against Grantee in accordance with its terms.

8.2 Insurance. Grantee shall, at its expense, be responsible for assuring that insurance coverages, as would be customary and reasonable for similarly situated companies performing the work carried out by Grantee at such time, are maintained, including, without limitation, adequate coverage to cover any personal injuries or accidents that could reasonably be expected as a direct result of the Project Activities conducted by Grantee or its Related Persons on the Forestland.

8.3 Requirements of Governmental Agencies. Grantee, at its expense, shall comply in all material respects with valid laws, ordinances, statutes, orders, and regulations of any governmental agency applicable to the Project. Grantee shall have the right, in its sole discretion, to contest by appropriate legal or administrative proceedings, the validity or applicability to Grantee, the Forestland or Project of any law, ordinance, statute, order, regulation, property assessment, or the like now or hereafter made or issued by any federal, state, county, local or other governmental agency or entity. Any such contest or proceeding shall be controlled and directed by Grantee.

8.4 Construction Liens. Grantee shall keep the Forestland free and clear of all liens and claims of liens for labor and services performed on, and materials, supplies, or equipment furnished to, the Forestland in connection with Grantee's use of the Forestland pursuant to this Agreement; provided, however, that if Grantee wishes to contest any such lien, Grantee shall, at Grantee's sole discretion and within sixty (60) days after it receives written notice of the filing of such lien, either (a) provide a bond to Owner for the amount of such lien, or (b) provide Owner with title insurance insuring Owner's interest in the Forestland against such lien claim.

8.5 Hazardous Materials. Neither Grantee nor its Related Persons shall violate any federal, state, or local law, ordinance, or regulation relating to the generation, manufacture, production, use, storage, release, discharge, disposal, transportation or presence of asbestos-containing materials, petroleum, explosives or any other substance, material, or waste which is now or hereafter classified as hazardous or toxic, or which is regulated under current or future federal, state, or local laws or regulations, on or under the Forestland (each, a "**Hazardous Material**"). Grantee shall promptly notify Owner if any violation occurs.

8.6 Contributions to Monitoring Trust. Subject to Owner's compliance with this Agreement, Grantee will also make annual contributions, the amounts of which will be determined in Grantee's sole discretion, to the Long-Term Monitoring Trust (as defined in Exhibit C). Notwithstanding the foregoing, such annual contributions shall not be in excess of an amount reasonably expected to meet the expected cost of future monitoring. In the determination of the amount of such annual contributions, Grantee will consider the sum and timing of all expected annual contributions to the Long-Term Monitoring Trust.

8.7 Books and Records; Access Rights. Each Party shall maintain books and records, in accordance with its standard practices and procedures, of all transactions arising in connection with its obligations pursuant to this Agreement. Owner shall maintain records of volume and approximate location of any trees harvested during the Contract Period and will report any and all such harvests to Grantee. Grantee shall record the number of Offset Credits issued to the Project Instance (as defined in Exhibit C) for the purpose of Owner's compliance with Transfer Policy or determination of the Permanence Stock (as defined in Exhibit C) as set forth on Exhibit E. Upon written request from Owner, Grantee shall provide number of Offset Credits issued to the Project Instance, provided that all such information with respect to Offset Credit shall be deemed to be confidential information.

9. Owner's Representations, Warranties, and Covenants. Owner hereby represents, warrants, and covenants as follow:

9.1 Owner's Authority; Referral. Owner is the sole owner of the Forestland and has the unrestricted right and authority to execute this Agreement and to grant to Grantee the rights granted

hereunder. Each person signing this Agreement on behalf of Owner is authorized to do so. Upon execution by all Parties hereto, this Agreement shall constitute a valid and binding agreement enforceable against Owner in accordance with its terms. Each person/entity comprising Owner, as listed in the preamble to this Agreement, owns the fractional interest in the Forestland set forth below:

Owner:	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
	<i>Name</i>	<i>Name</i>	<i>Name</i>	<i>Name</i>
Fractional Ownership:	[]%	[]%	[]%	[]%

If Owner is a legal entity, Owner is a _____, validly existing and in good standing under the laws of the State of _____. Owner was referred to Grantee by _____.

9.2 No Interference. Owner’s activities and any grant of rights Owner makes or has made to any person or entity, shall not, currently or prospectively, disturb or interfere with: the monitoring or operation of the Project, whether located on the Forestland or elsewhere; access over the Forestland; or the undertaking of any other Project Activities Grantee is granted the right to perform hereunder. Without limiting the generality of the foregoing, Owner’s activities or any rights granted by Owner to a third party shall not: (a) disturb or interfere with the Project, or (b) disturb the subsurface such that it could be reasonably expected to damage or interfere with the Project.

9.3 Liens and Encumbrances. Except as may be disclosed in the real property records of the County, or as disclosed by Owner in writing to Grantee on or prior to the Effective Date, Owner represents there are no leases (including oil, gas and/or other mineral interests), easements, licenses, rights of way, mortgages, deeds of trust, liens, security interests, mechanic’s liens or any other encumbrances encumbering all or any portion of the Forestland that could interfere with Grantee’s operations on the Forestland, including mechanic’s liens. Where Grantee deems it necessary, Owner shall fully cooperate and assist Grantee in removing or limiting such interference, including, but not limited to, obtaining a subordination and non-disturbance agreement, or other such necessary agreement, from any person or entity with a lien, encumbrance, mortgage, lease or other exception to Owner’s fee title to the Forestland (recorded or unrecorded) to the extent necessary to eliminate any actual or potential interference by any such lienholder with any rights granted to Grantee under this Agreement, with terms and conditions reasonably requested by Grantee to protect its rights hereunder and in the case of monetary liens such as mechanic’s liens, bonding over any such liens in an amount that may be reasonably requested by Grantee.

9.4 Requirements of Governmental Agencies. Owner shall assist and fully cooperate with Grantee, at no out-of-pocket expense to Owner, in complying with or obtaining any land use permits and approvals, building permits, environmental impact reviews or any other permits and approvals required for the financing, monitoring or operation of a Project, including, but not limited to, execution of applications and documents reasonably necessary for such approvals and permits, and participating in any appeals or regulatory proceedings with respect to the Project.

9.5 Hazardous Materials. Neither Owner nor its Related Persons shall violate any federal, state or local law, ordinance or regulation relating to the generation, manufacture, production, use, storage, release, discharge, disposal, transportation or presence of any Hazardous Material. Owner shall promptly notify Grantee if any such violation occurs. To the best of Owner’s knowledge, (a) no underground tanks are now located or at any time in the past have been located on the Forestland or any portion thereof, (b) no Hazardous Material has been generated, manufactured, transported, produced, used, treated, stored, released, disposed of or otherwise deposited in or on or allowed to emanate from

the Forestland or any portion thereof other than as permitted by applicable law and (c) there are no Hazardous Materials in, on or emanating from the Forestland or any portion thereof which may support a claim or cause of action under any applicable law. Owner certifies it has never received any notice or other communication from any governmental authority alleging that the Forestland is or was in violation of any applicable law.

9.6 Litigation. No litigation is pending, and, to the best of Owner's knowledge, no actions, claims or other legal or administrative proceedings are pending, threatened or anticipated with respect to, or which could affect, the Forestland. If Owner learns that any such litigation, action, claim or proceeding is threatened or has been instituted, Owner shall promptly deliver notice thereof to Grantee and provide Grantee with periodic updates of the status of said litigation, action, claim or proceeding that is ongoing.

9.7 Title Insurance and Financing. Owner agrees that Owner shall execute and deliver to Grantee any documents reasonably required by the title insurance company and/or a financing party within five (5) business days after presentation of said documents by Grantee; provided, however, in no event shall such documents materially increase any obligation or materially decrease any right of Owner hereunder. Owner shall have no obligation to initiate the process to obtain title insurance on behalf of the Grantee.

9.8 Additional Eligible Land. Owner will implement a Forest Management Plan (as defined in Exhibit C) for any Eligible Land (as defined in Exhibit C) acquired after the Effective Date of this Agreement prior to commencing any Commercial Harvest (as defined in Exhibit C) on such Eligible Land. The Forest Management Plan shall be approved in writing by Grantee. At Grantee's option, upon request from Grantee, Owner shall execute and acknowledge in recordable form and deliver to Grantee, and Grantee may then record, a memorandum of agreement to reflect the terms of the Forest Management Plan. Owner hereby consents to the recordation of such memorandum of agreement against the lands covered by the Forest Management Plan.

9.9 Consent to Credit Check. Grantee may obtain a consumer report and credit check to verify Owner's credit. Owner hereby consents to such verification and agrees to cooperate with Grantee to provide all information necessary to conduct such verification; provided, that Grantee completes verification of Owner's credit within ninety (90) days of the Effective Date. Owner agrees to provide written authorization to permit Grantee to obtain a consumer report and credit check from a major consumer reporting agency by executing the written instructions attached hereto as Exhibit F.

9.10 Participation in Verification Activities. Owner shall cooperate with Grantee to verify the Project Instance. Owner shall supply any information reasonably requested by Grantee and consents to participate in any interviews with third-party auditors or any Carbon Registry.

9.11 No Intentional Reversal. Owner shall not take any action, or fail to take any action, which may cause an Intentional Reversal (as defined in Section 13.4).

9.12 Sanitation Removal. Owner shall not conduct or permit any Sanitation Removal (as defined in Exhibit C) on the Forestland, except with notice to, and as may be approved by, Grantee.

9.13 Firewood Collection. Owner shall not collect Firewood (as defined in Exhibit C) on the Forestland in excess of _____ (_____) cords per year.

9.14 All Eligible Land. The lands described on Exhibit A are all of the Eligible Land currently owned or acquired by Owner located in the United States. At the request of Grantee, Owner shall execute any amendments or supplements to this Agreement and/or Memorandum of Agreement

necessary to include or correctly describe all Eligible Land owned or acquired by Owner as of the Effective Date.

9.15 Commercial Harvesting-Related Activities and Obligations. Owner has disclosed to Grantee all Commercial Harvesting or Sanitation Removal (including without limitation, restrictions imposed by easement, zoning, transfer of timber rights, and transfer of mineral rights) conducted on the Forestland within ten (10) years prior to the Effective Date. Commercial Harvesting on the Forestland is not prohibited by any agreement or order (such as by a conservation easement). The Forestland is not and will not become subject to any contractual obligations relating to Commercial Harvesting. There are no planned harvests on the Forestland except as disclosed to Grantee in the attached Exhibit G. Harvesting and all timber rights on the Forestland are not subject to a lease, except as specifically described on Exhibit G and contemplated by a planned Commercial Harvesting. The Forestland is not and will not become subject to or enrolled in any state-administered tax programs which limit or qualify the type, timing, or volume of Commercial Harvesting without the prior written consent of Grantee.

9.16 Property-Related Taxes. Owner shall pay all Property-Related Taxes. All Property-Related Taxes due and payable as of the Effective Date have been paid.

9.17 Not a Previous Carbon Project. Unless prior written consent is provided by Grantee, no portion of the Forestland has ever been included in: (a) a verified forest carbon project, including but not limited to, a project listed on the Chicago Climate Exchange (CCX); (b) any one-year harvest deferral program; or (c) any other formal or organized program, system or arrangement for the recognition of activities leading to GHG emission reductions or removals, and/or the crediting or issuance of instruments representing, or acknowledging, GHG emission reductions or removals.

9.18 Addition Owner Covenants Related to the Project. Owner shall comply with all covenants, obligations, and restrictions set forth in the attached Exhibit E.

10. Assignment.

10.1 Collateral Assignments. Grantee shall have the absolute right in its sole and exclusive discretion, without obtaining the consent of Owner, to finance, mortgage, encumber, hypothecate, pledge or transfer to one or more Mortgagees (as defined in Section 12) any and all of the rights granted hereunder, including the easements granted in Section 2, and/or any or all rights and interests of Grantee in the Project.

10.2 Non-Collateral Assignments. Grantee shall have the right, without the prior consent of Owner, to sell, convey, assign or transfer this Agreement (including granting co-easements, separate easements, subeasements) and any or all of its rights, including Carbon Rights and rights to acquire and develop such rights, hereunder to any third party in and to any or all of the Forestland provided such transfer is related to a Project. Grantee shall be relieved of all of its obligations arising under this Agreement, as to all or such portion of its interests in the Forestland transferred, from and after the effective date of such transfer, provided such rights and obligations have been assumed by such transferee.

10.3 Acquisition of Interest. The acquisition of all interests, or any portion of interest, in Grantee by another person shall not require the consent of Owner or constitute a breach of any provision of this Agreement and Owner shall recognize the person as Grantee's proper successor.

11. Default and Remedies.

11.1 Default. If a Party defaults in or otherwise fails to perform an obligation under this Agreement, the non-defaulting Party shall not have the right to exercise any remedies hereunder if the default is cured by the defaulting Party within sixty (60) days of receiving written notice of such default specifying in detail the default and the requested remedy (a “**Notice of Default**”); provided, that if the nature of the default requires, in the exercise of commercially reasonable diligence, more than sixty (60) days to cure, the non-defaulting Party shall not have the right to exercise any remedies hereunder as long as the defaulting Party commences performance of the cure within sixty (60) days of receipt of Notice of Default and thereafter completes such cure with commercially reasonable diligence. Further, if the Parties have a good faith dispute as to whether a payment is due hereunder, the alleged defaulting Party may deposit the amount in controversy (not including claimed consequential, special, exemplary or punitive damages) into escrow with any reputable third party escrow, or may interplead the same, which amount shall remain undistributed and shall not accrue interest penalties, and no default shall be deemed to have occurred, until final decision by a court of competent jurisdiction or upon agreement by the Parties. No such deposit shall constitute a waiver of the defaulting Party’s right to institute legal action for recovery of such amounts. Provide further, the non-defaulting party has the right to declare default and exercise any remedies hereunder immediately upon delivery of notice to the defaulting party, if the default will directly or indirectly harm the Project within sixty (60) days of the date of the Notice of Default.

11.2 Remedies. Except as qualified by Section 12 regarding Mortgagee Protections, should a default remain uncured beyond the applicable cure periods, the non-defaulting Party shall have the right to terminate this Agreement and exercise any and all remedies available to it at law or in equity, all of which remedies shall be cumulative, including the right to enforce this Agreement by injunction, specific performance or other equitable relief.

11.3 Self-Help Rights. In addition to the foregoing remedies, the Grantee shall have the right to step in and cure a default of the Owner if such default could cause harm to the Project, as determined by Grantee in the reasonable discretion of Grantee.

12. **Mortgagee Protection.** In the event that any mortgage, deed of trust or other security interest in this Agreement or in any Project, or any portion thereof (a “**Mortgage**”), is entered into by Grantee, then any person who is the mortgagee, grantee or beneficiary of a Mortgage (a “**Mortgagee**”) shall, for so long as its Mortgage is in existence and until the lien thereof has been extinguished, be entitled to the protections set forth in this Section 12. Grantee shall send written notice to Owner of the name and address of any such Mortgagee; provided that failure of Grantee to give notice of any such Mortgagee shall not constitute a default under this Agreement and shall not invalidate such Mortgage.

12.1 Mortgagee’s Right to Possession, Right to Acquire and Right to Assign. A Mortgagee shall have the absolute right: (a) to assign its security interest; (b) to enforce its lien and acquire title to the leasehold estate by any lawful means; (c) to take possession of and operate the Project or any portion thereof, to exercise all of Grantee’s rights hereunder, and to perform all obligations to be performed by Grantee hereunder, or to cause a receiver to be appointed to do so; and (d) to acquire the leasehold estate by foreclosure or by an assignment in lieu of foreclosure and thereafter to assign or transfer the leasehold estate to a third party. Owner’s consent shall not be required for the acquisition of the encumbered leasehold or subleasehold estate by a third party who acquires the same by foreclosure or assignment in lieu of foreclosure.

12.2 Notice of Default; Opportunity to Cure. As a precondition to exercising any rights or remedies as a result of any default of Grantee, Owner shall give a Notice of Default to each Mortgagee of which it has notice, concurrently with delivery of such notice to Grantee. In the event Owner gives a Notice of Default, the following provisions shall apply:

A. A “**Monetary Default**” means Grantee’s failure to pay when due any monetary obligation of Grantee under this Agreement. Any other default by Grantee is a “**Non-Monetary Default.**”

B. The Mortgagee shall have the same period after receipt of the Notice of Default to remedy the default, or cause the same to be remedied, as is given to Grantee, plus, in each instance, the following additional time periods: (a) thirty (30) days, for a total of ninety (90) days after receipt of the Notice of Default in the event of any Monetary Default; and (b) sixty (60) days, for a total of one hundred twenty (120) days after receipt of the Notice of Default in the event of any Non-Monetary Default, provided that such 120-day period shall be extended for the time reasonably required to complete such cure, including the time required for the Mortgagee to perfect its right to cure such Non-Monetary Default by obtaining possession of Grantee’s leasehold estate and other rights in and to the Forestland (including possession by a receiver) or by instituting foreclosure proceedings, provided the Mortgagee acts with reasonable and continuous diligence. The Mortgagee shall have the absolute right to substitute itself for Grantee and perform the duties of Grantee hereunder for purposes of curing such default. Owner expressly consents to such substitution, agrees to accept such performance, and authorizes the Mortgagee (or its employees, agents, representatives or contractors) to enter upon the Forestland to complete such performance with all the rights, privileges and obligations of the original Grantee hereunder. Owner shall not take any action to terminate this Agreement in law or equity prior to the expiration of the cure periods available to a Mortgagee as set forth above.

C. During any period of possession of Grantee’s leasehold estate and other rights in and to the Forestland by a Mortgagee (or a receiver requested by such Mortgagee) and/or during the pendency of any foreclosure proceedings instituted by a Mortgagee, the Mortgagee shall pay or cause to be paid all monetary charges payable by Grantee hereunder which have accrued and are unpaid at the commencement of said period and those which accrue thereafter during said period. Following acquisition of Grantee’s leasehold estate in and to the Forestland by the Mortgagee or its assignee or designee as a result of either foreclosure or acceptance of an assignment and/or deed in lieu of foreclosure, or by a purchaser at a foreclosure sale, this Agreement shall continue in full force and effect and the Mortgagee or party acquiring title to Grantee’s leasehold estate shall, as promptly as reasonably possible, commence the cure of all of Grantee’s defaults which are reasonably susceptible of being cured by the Mortgagee or party acquiring title, hereunder and thereafter diligently process such cure to completion, whereupon such defaults shall be deemed cured without incurring any default hereunder.

D. Any Mortgagee or other party who acquires Grantee’s leasehold interest in and to the Forestland pursuant to foreclosure or assignment in lieu of foreclosure shall be liable to perform the obligations imposed on Grantee by this Agreement for such interest so long as such Mortgagee or other party has ownership of the leasehold estate or possession of the Forestland.

E. Neither the bankruptcy nor the insolvency of Grantee shall be grounds for terminating this Agreement as long as all material obligations of Grantee under the terms of this Agreement are performed by the Mortgagee in accordance with the terms hereunder.

Nothing herein shall be construed to extend this Agreement beyond the Contract Period or to require a Mortgagee to continue foreclosure proceedings after a default has been cured. If the default is

cured and the Mortgagee discontinues foreclosure proceedings, this Agreement shall continue in full force and effect.

12.3 New Agreement to Mortgagee. If this Agreement terminates because of Grantee's default or if the leasehold estate is foreclosed upon, or if this Agreement is rejected or disaffirmed pursuant to bankruptcy law or other law affecting creditors' rights, Owner shall, upon written request from any Mortgagee within ninety (90) days after such event, enter into a new agreement for the Forestland on the following terms and conditions:

A. The terms of the new agreement shall commence on the date of termination, foreclosure, rejection or disaffirmance and shall continue for the remainder of the Contract Period, at the same rent and subject to the same terms and conditions set forth in this Agreement.

B. The new agreement shall be executed within thirty (30) days after receipt by Owner of written notice of the Mortgagee's election to enter a new agreement, provided said Mortgagee: (i) pays to Owner all rent and other monetary charges payable by Grantee under the terms of this Agreement up to the date of execution of the new agreement, as if this Agreement had not been terminated, foreclosed, rejected or disaffirmed; (ii) performs all other obligations of Grantee under the terms of this Agreement, to the extent performance is then due and susceptible of being cured and performed by the Mortgagee; and (iii) agrees in writing to perform, or cause to be performed, all non-monetary obligations which have not been performed by Grantee and would have accrued under this Agreement up to the date of commencement of the new agreement, except those obligations which constitute non-curable defaults. Any new agreement granted to the Mortgagee shall enjoy the same priority as this Agreement over any lien, encumbrances or other interest created by Owner.

C. At the option of the Mortgagee, the new agreement may be executed by a designee of such Mortgagee without the Mortgagee assuming the burdens and obligations of Grantee thereunder.

D. If more than one Mortgagee makes a written request for a new agreement pursuant hereto, the new agreement shall be delivered to the Mortgagee requesting such new agreement whose Mortgage is prior in lien, and the written request of any other Mortgagee whose lien is subordinate shall be void and of no further force or effect.

12.4 Mortgagee's Consent to Amendment, Termination or Surrender. Notwithstanding any provision of this Agreement to the contrary, the Parties agree that so long as there exists an unpaid Mortgage, this Agreement shall not be modified or amended and Owner shall not accept a surrender of the Forestland or any part thereof or accept a cancellation, termination or release of this Agreement from Grantee prior to expiration of the Contract Period without the prior written consent of the Mortgagee. This provision is for the express benefit of and shall be enforceable by such Mortgagee.

12.5 No Waiver. No payment made to Owner by a Mortgagee shall constitute an agreement that such payment was, in fact, due under the terms of this Agreement; and a Mortgagee, having made any payment to Owner pursuant to Owner's wrongful, improper or mistaken notice or demand, shall be entitled to the return of any such payment.

12.6 No Merger. There shall be no merger of this Agreement, or of the leasehold estate created by this Agreement, with the fee estate in the Forestland by reason of the fact that this Agreement or the leasehold estate or any interest therein may be held, directly or indirectly, by or for the

account of any person or persons who shall own the fee estate or any interest therein, and no such merger shall occur unless and until all persons at the time having an interest in the fee estate in the Forestland and all persons (including Mortgagee) having an interest in this Agreement or in the leasehold estate or in the estate of Owner and Grantee shall join in a written instrument effecting such merger and shall duly record the same.

12.7 Estoppel Certificates, Etc. Owner shall execute such estoppel certificates (certifying as to such matters as Grantee may reasonably request, including without limitation that no default by Grantee then exists under this Agreement, if such be the case) and/or consents to assignment (whether or not such consent is actually required) and/or non-disturbance agreements as Grantee, any transferee of Grantee or Mortgagee may reasonably request from time to time. The failure of Owner to deliver any estoppel certificate within fifteen (15) days after Grantee's written request therefor shall be conclusive evidence that (a) this Agreement is in full force and effect and has not been modified; (b) any amounts payable by Grantee to Owner have been paid through the date of such written request; (c) there are no uncured defaults by Grantee; and (d) the other certifications requested by Grantee in its estoppel, are in fact, true and correct. Owner has an affirmative obligation to disclose to Grantee and any all unrecorded interests in and to the Forestland, including oral leases or agreements, throughout the Contract Period of this Agreement.

The provisions of this Section 12 shall survive the termination, rejection or disaffirmance of this Agreement and shall continue in full force and effect thereafter to the same extent as if this Section 12 were a separate and independent contract made by Owner, Grantee and such Mortgagee, and, from the effective date of any termination, rejection or disaffirmance of this Agreement to the date of execution and delivery of such new agreement under Section 12.3, such Mortgagee may use and enjoy said Forestland without hindrance by Owner or any person claiming by, through or under Owner, provided that all of the conditions for a new agreement as set forth herein are satisfied.

13. Termination.

13.1 Owner Termination Right. Owner shall have the right to terminate this Agreement as to all or any part of the Forestland at any time and without cause, effective upon written notice to Grantee from Owner. Upon such termination, Owner shall pay the Termination Payment to Grantee pursuant to the terms and provisions of Section 13.4.

13.2 Grantee Termination Right. Grantee shall have the right to terminate this Agreement as to all or any part of the Forestland at any time and without cause, effective upon written notice to Owner from Grantee. In the event of any such termination, Grantee shall continue to own and hold all rights in and to the Carbon Rights associated with the cumulative quantity of Offset Credits attributed to the Project Instance prior to such termination.

13.3 Force Majeure. If a Force Majeure Event (as defined in Exhibit C) occurs that prevents a Declaring Party (as defined in Section 14.1) from performing a material obligation under this Agreement for a period of One Hundred Twenty (120) days or more in any consecutive one (1) year period, the non-declaring Party may terminate this Agreement by providing written notice to the Declaring Party, upon which notice this Agreement will automatically terminate.

13.4 Liquidated Damages. If this Agreement is terminated due to (a) Owner's voluntary termination pursuant to Section 13.1; (b) Owner's rejection of Grantee's extension of the Agreement for the Extended Term and election to not continue the Project with a different developer pursuant to Section 3.3(c); or (c) a reversal of issued Offset Credits caused by the negligence, gross negligence, or willful misconduct, including harvesting, development, or harm to the Forestland by Owner, or any person or entity pursuant to a grant of rights or interests from Owner, without the prior

written approval of Grantee (an “**Intentional Reversal**”), Owner shall pay Grantee, in Grantee’s sole discretion, the amount equal to: (i) Fifty Thousand Dollars and No/100 (\$50,000.00), or (ii) the number of Offset Credits issued for the Project Instance multiplied by the price of carbon as determined by the most recent California Auction (as defined in Exhibit C) as liquidated damages (the “**Termination Payment**”). The Parties agree that the Termination Payment is liquidated damages and is not a fee and that the right to such Termination Payment is in addition to all other rights and remedies of Grantee hereunder and at law and in equity. The Parties further acknowledge that the amount of loss or damages likely to be incurred is incapable of or is difficult to precisely estimate, and that the Termination Payment is a reasonable approximation of the loss Grantee is likely to incur in connection with an early termination by Owner, including but not limited to Grantee’s out of pocket costs, services provided for the benefit of Owner, and the opportunity costs of satisfying Grantee’s obligations under this Agreement. In the event no Offset Credits have been issued as of the date of the early termination without cause, Owner shall repay the entire Development Payment (as defined in Exhibit C) to Grantee within three (3) business days of any such early termination.

13.5 Harvest Offset Fee. With the prior written consent of Grantee and payment to Grantee of the Harvest Offset Fee set forth in the attached Exhibit B, Owner may harvest or develop the Forestland, and Owner shall have no obligation to make the Termination Payment in the event of any such harvest or development with Grantee’s prior written approval.

14. Miscellaneous.

14.1 Force Majeure. If performance of this Agreement or of any obligation hereunder is prevented or substantially restricted or interfered with by reason of an event of Force Majeure (as defined in Exhibit C), the affected Party (the “**Declaring Party**”), upon giving notice to the other Party, shall be excused from such performance to the extent of and for the duration of such prevention, restriction or interference, and the Contract Period or any other time periods herein shall be extended for such period of time. The Declaring Party shall use its reasonable efforts to avoid or remove such causes of nonperformance and shall continue performance hereunder whenever such causes are removed.

14.2 Confidentiality. To the fullest extent allowed by law, Owner shall maintain in the strictest confidence, and Owner shall require each Related Person of Owner to maintain in the strictest confidence, for the sole benefit of Grantee, all information pertaining to the financial terms of or payments under this Agreement, Grantee’s methods of operation, monitoring, and the like, whether disclosed by Grantee or discovered by Owner, unless such information either (a) is in the public domain by reason of prior publication through no act or omission of Owner or any Related Person of Owner, or (b) was already known to Owner at the time of disclosure and which Owner is free to use or disclose without breach of any obligation to any person or entity. To the fullest extent permitted by law, Owner shall not use such information for its own benefit, publish or otherwise disclose it to others, or permit its use by others for their benefit or to the detriment of Grantee. Notwithstanding the foregoing, Owner may disclose such information to any auditor or to Owner’s family members, lenders, attorneys, accountants and other personal advisors; any prospective purchaser of or lenders for the Forestland; or pursuant to lawful process, subpoena or court order; provided Owner in making such disclosure advises the party receiving the information of the confidentiality of the information and obtains the agreement of said party not to disclose the information.

14.3 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon Owner and Grantee and, to the extent provided in any assignment or other transfer under Section 10 hereof, any transferee, and their respective heirs, transferees, successors and assigns, and all persons claiming under them. References to Grantee in this Agreement shall be deemed to also include transferees of Grantee that hold a direct ownership interest in this Agreement and actually are exercising rights under this Agreement to the extent consistent with such interest.

14.4 Memorandum; Recording. At Grantee's option, upon request from Grantee, Owner shall execute in recordable form, and Grantee may then record, a Memorandum of Agreement substantially in the form of Exhibit D attached hereto, incorporating only those non-substantive changes to the form as may be required by the applicable jurisdiction in which recording is sought and to reflect the terms of this Agreement. Owner hereby consents to the recordation of the interest of a transferee of Grantee in the Forestland. With respect to the First Extended Term, Second Extended Term and Third Extended Term, upon request from Grantee, Owner shall execute, in recordable form, and Grantee may then record, a memorandum evidencing the First Extended Term, Second Extended Term and Third Extended Term, as applicable; provided that the execution of such memorandum is not necessary for such First Extended Term, Second Extended Term or Third Extended Term to be effective.

14.5 Notices. All notices or other communications required or permitted by this Agreement, including payments to Owner, shall be in writing and shall be deemed given when personally delivered to Owner or Grantee, the same day if sent via facsimile with confirmation, or the next business day if sent via overnight delivery or five (5) days after deposit in the United States mail, first class, postage prepaid, certified, addressed as follows:

<u>If to Owner:</u>	<u>If to Grantee:</u>
_____	_____
_____	_____
_____	_____
Fax: _____	Fax: _____

Either Party may change its address for purposes of this paragraph by giving written notice of such change to the other Party in the manner provided in this paragraph.

14.6 Entire Agreement; Amendments. This Agreement, together with all Exhibits attached hereto, constitutes the entire agreement between Owner (and its respective successors, heirs, affiliates and assigns) and Grantee (and its respective successors, heirs, affiliates and assigns) respecting its subject matter, and supersedes any and all oral or written agreements. All of the provisions of the Exhibits shall be treated as if such provisions were set forth in the body of this Agreement and shall represent binding obligations of each of the Parties as part of this Agreement. Any agreement, understanding or representation respecting the Forestland, or any other matter referenced herein not expressly set forth in this Agreement or a previous writing signed by both Parties is null and void. No purported modifications or amendments, including without limitation any oral agreement (even if supported by new consideration), course of conduct or absence of a response to a unilateral communication, shall be binding on either Party unless in a writing signed by both Parties. Provided that no material default in the performance of Grantee's obligations under this Agreement shall have occurred and remain uncured, Owner shall cooperate with Grantee in amending this Agreement from time to time to include any provision that may be reasonably requested by Grantee for the purpose of implementing the provisions contained in this Agreement and Project or for the purpose of preserving the security interest of any transferee of Grantee or Mortgagee.

14.7 Legal Matters. This Agreement shall be governed by and interpreted in accordance with the laws of the State of [_____]. If the Parties are unable to resolve amicably any dispute arising out of or in connection with this Agreement, they agree that such dispute shall be resolved in the state courts located in the County. The Parties agree that any rule of construction to the effect that ambiguities are to be resolved in favor of either Party shall not be employed in the interpretation of this Agreement and is hereby waived. The prevailing Party in any action or proceeding for the enforcement, protection or establishment of any right or remedy under this Agreement shall be entitled to recover its

reasonable attorneys' fees and costs in connection with such action or proceeding from the non-prevailing Party.

14.8 Partial Invalidity. Should any provision of this Agreement be held, in a final and unappealable decision by a court of competent jurisdiction, to be either invalid, void or unenforceable, the remaining provisions hereof shall remain in full force and effect, unimpaired by the holding. Notwithstanding any other provision of this Agreement, the Parties agree that in no event shall the Contract Period, or the term of any leasehold interest and other rights granted herein be longer than, respectively, the longest period permitted by applicable law.

14.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

14.10 Tax and Other Credits. If under applicable law, the holder of a leasehold estate becomes ineligible for any Offset Credits established by any local, state or federal government, then, at Grantee's option, Owner and Grantee shall exercise good faith and negotiate an amendment to this Agreement or replace it with a different instrument so as to convert Grantee's interest in the Forestland to a substantially similar interest that makes Grantee eligible for such credit, benefit or incentive.

14.11 No Partnership. Nothing contained in this Agreement shall be construed to create an association, joint venture, trust or partnership covenant, obligation or liability on or with regard to any one or more Parties in this Agreement.

14.12 Waiver of Right to Trial by Jury. EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. EACH OF THE PARTIES TO THIS AGREEMENT WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF THE PARTIES FOR ENTERING INTO THIS AGREEMENT.

14.13 Further Acts and Assurances. Each party hereby agrees that each shall execute such additional documents or instruments, and shall undertake such actions as are necessary, useful, or appropriate to effectuate the intent and purposes of this Agreement and the Project.

14.14. Survival. The terms, conditions, and other provisions of the following articles or sections of this Agreement shall survive the expiration or termination hereof: Section 5, Section 6, Section 7, Section 8.5, Section 9.5, Section 9.16, Section 10, Section 11.2, Section 11.3, Section 12, Section 13.3, Section 13.4, Section 14, and Section 11 of the attached Exhibit E.

[Signature Page Follows.]

IN WITNESS WHEREOF, Owner and Grantee, acting through their duly authorized representatives, have executed this Agreement with the intent that it be effective as of the Effective Date, and certify that they have read, understand and agree to the terms and conditions of this Agreement.

OWNER:

GRANTEE:

Name[_____]]
Entity Type [_____]

Forest Carbon Works,
a Delaware public benefit corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

–

–

OR

[for individuals]

By: _____
[Name]

EXHIBIT A

Description of the Forestland

EXHIBIT B

Payment Terms

In consideration for the rights provided to Grantee under the Agreement, Grantee agrees to make payments to Owner as follows:

1. **Development Term Payment:** Upon execution of this Agreement by the Parties, Grantee shall pay Owner a one-time refundable development fee in the amount of \$_____ (the “**Development Payment**”). In the event this Agreement is terminated during the Development Term, Owner shall refund the Development Payment to Grantee within ten (10) days. In the event Grantee elects to proceed with the Project, the refundable Development Payment shall be credited as payment received by Owner in the calculation of the Back Payment and Annual Payment.

2. Original Term Payments. Grantee shall pay Owner (or its approved designee specified in writing to Grantee) a Back Payment and Annual Payments during the Original Term, provided that Owner has (a) submitted an Annual Report (as defined in Exhibit C) to Grantee as may be required in Grantee's sole discretion and (b) recorded the Memorandum of Agreement. The sum of the amounts of the Back Payment and Annual Payments shall be *less* the amount of the Development Payment paid pursuant to Section 1 of this Exhibit B.

. Back Payment. Within 30 days following Grantee's notice to Owner that it has elected to proceed with the Project and extend the Contract Period for the Original Term, Grantee shall pay the one-time Back Payment (as defined in and pursuant to the terms of the License Agreement) in an amount equal to [__ (\$ _____)].

- a. Annual Payments. Commencing no later than November 30, 20__, and annually thereafter, Grantee shall pay an amount equal to [__ (\$ _____)] *multiplied by* the Project Instance acreage (the "**Annual Payment**"). Should Grantee provide written notice to Owner that it has elected to proceed with the Project and extend the Contract Period for the Original Term after November 30, 20__, Grantee shall pay all Annual Payments owed to Owner within 30 days of such notice.

2. Extended Term Payment: Following Owner's acceptance of Grantee's extension of the Contract Period for an Extended Term, provided Owner has submitted an Annual Report to Grantee as may be required in Grantee's sole discretion, Grantee shall pay to Owner (or its approved designee specified in writing to Grantee) an Annual Payment during the Extended Term in an annual amount to be agreed upon by Owner and Grantee prior to the commencement of the Extended Term, but in no event shall such Annual Payment be less than the Annual Payment applicable during the Original Term. Grantee shall pay to Owner (or its approved designee specified in writing to Grantee) such Annual Payment in the calendar year no later than November 30 of each subsequent calendar year during the Extended Term, provided that Owner has submitted an Annual Report to Grantee as may be required in Grantee's sole discretion.

3. Bonus Compensation. Grantee may also award bonus payments to Owner during the Contract Period. Any bonuses to Owner are made at Grantee's sole discretion and will be based on referrals of other Project landowners by Owner and subject to such landowner's successful enrollment with Grantee.

4. Harvest Offset Fee. Owner shall make a payment to Grantee in the amount of _____ (the "**Harvest Offset Fee**") prior to any harvest or development of the Forestland with the prior written approval of Grantee in accordance with Section 13.5. Owner shall notify Grantee in writing prior to commencing any Commercial Harvest. Owner shall be Forest Stewardship Council certified prior to commencing any Commercial Harvest. Grantee shall assess the Harvest Offset Fee based on the difference between the quantity of carbon, as measured by units of carbon-dioxide equivalent, held in the above-ground and below-ground biomass of that portion of the Forestland on which harvesting is conducted before harvest and after harvest, multiplied by the price of carbon as determined by the California Auction most recently preceding the date of receipt of the Harvest Offset Fee by Grantee. The determination of the difference in the quantity of carbon before and after harvest will be made by Grantee based upon measurements taken by Grantee and at the sole discretion of Grantee; however, Grantee will reasonably consider any alternate measurements taken by Owner and provided to Grantee for its review. Upon written request by Owner, Grantee, in its sole discretion, may provide an estimate for Harvest Offset Fee so long as Owner delivers a written request in a timely manner prior to the commencement of Commercial Harvesting. Owner agrees that such an estimate is only estimate and that the final Harvest Offset Fee shall be determined by Grantee upon completion of the Commercial Harvest.

EXHIBIT C

Definitions

The following terms have the meanings indicated below:

“Agreement” means this Forest Management Lease Agreement (together with all schedules and exhibits identified herein) dated and effective as of the effective date of that certain License Agreement dated ____, 20__ by and between Owner and Grantee.

“Annual Payment” means the annual rental amount paid to Owner and defined in Exhibit B of this Agreement.

“Annual Report” means a yearly survey that is administered by Grantee in which Owner must answer questions and provide updates regarding Forestland conditions, including, but not limited to, changes in ownership, removals, disturbances, and any other changes which may alter the Permanence Stock or outcome of the Project Instance.

“Back Payment” has the definition in the License Agreement.

“California Auction” means the Settlement Price for Current Auction as published by the California Air Resources Board in its Public Proceeds Report (<https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/auction-information/auction-notice-and-reports>).

“Carbon Registry” means any voluntary or compliance carbon credit markets or registries including, without limitation, Verra.

“Carbon Rights” means any and all credits, offsets, units, claims, allowances, acknowledgements, allocated pollution rights, benefits, value, entitlement interests, other real and/or personal property right and/or beneficial interest, or words of similar import or effect, whether created from or through a governmental entity, other organization or private contract, now or in the future, in or related, in whole or in part, to any reduction, removal, limitation, avoidance, sequestration, or mitigation of (i) GHG (defined below) and/or pollutant emissions into the environment, and (ii) any changes to or impacts on the environment, in each case (items (i) and (ii) inclusive) resulting from enhanced restoration or management activities undertaken on the Forestland including, without limitation, those associated with the absorption by plants of carbon dioxide from the atmosphere and its conversion to carbon stored in trees and plants on the Forestland or stored in products extracted pursuant to forest management activities permitted herein, and trees and other vegetation and associated roots, surface duff and organic elements in the soil on the Forestland.

“Claims” means any and all third party (excluding Related Persons) claims, litigation, actions, proceedings, losses, damages, liabilities, obligations, costs and expenses, including reasonable attorneys’, investigators’ and consulting fees, court costs and litigation expenses suffered or incurred by an Indemnified Party, arising from the negligence or intentional misconduct of the Indemnifying Party.

“Commercial Harvesting” means removal of trees other than for (i) the limited collection of Firewood or (ii) for Sanitation Removal, provided such Sanitation Removal is approved in advance in writing by Grantee.

“Contract Period” means the Development Term, Original Term, and Extended Term(s), as defined herein, or until this Agreement is terminated.

“County” means [_____] County, State of [_____].

“Declaring Party” means the Party giving notice of a Force Majeure event.

“Development Payment” means a one-time refundable development fee in the amount of [\$ _____] paid to Owner by Grantee and defined in Exhibit B of this Agreement.

“Development Term” has the definition in Section 3.1.

“Effective Date” means the effective date of that certain License Agreement dated _____, 20__ by and between Owner and Grantee.

“Eligible Land” means real property in which Owner has at least a 50% ownership interest, of which at least 10% is covered with tree canopy and which is located in the United States.

“Extended Term” has the definition in Section 3.3.

“Firewood” means wood harvested and burned for personal use or for limited sale as a heating fuel in the immediate vicinity.

“First Extended Term” has the definition in Section 3.3.

“Force Majeure Event” means an event beyond the reasonable control of a Party, including, without limitation, (i) acts of God, weather conditions, explosion, flood, earthquake, or fire; (ii) terrorism, war or threat of war, sabotaging, riot, revolution, civil disturbance or requisition; (iii) acts, restrictions, regulations or prohibitions on the part of any governmental authority, not caused by an action or inaction of a Party in violation of such party’s obligations under this Agreement, restricting a Party’s ability to perform its duties under this Agreement; (iv) strikes, lockouts, or other industrial actions or trade disputes; or (v) destruction of the Forestland which is not the result of Owner’s negligence or willful misconduct.

“Forestland” means all Eligible Land currently owned or acquired by Owner including, without limitation, the land described on Exhibit A.

“Forest Management Plan” means a blueprint of goals, activities, and desired outcomes for a forested property, which may or may not include harvest prescriptions. A Forest Management Plan must demonstrate harvest levels which can be permanently sustained over time and ensure that any harvesting conducted on Eligible Land acquired after the Effective Date of this Agreement does not jeopardize the validity, value or integrity of Offset Credits issued pursuant to this Agreement or otherwise constitute Leakage.

“GHG” means any one of the following, either alone or in combination: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆) and any other substance or combination of substances with a global warming potential

that may be or may become the subject of the United Nations Framework Convention on Climate Change and related protocols, or of any other treaties, agreements and instruments, and any substance designated as such under any applicable law.

“Harvest Plan” means the planned harvests and/or leases related to harvesting or timber rights on the Forestland disclosed to Grantee on Exhibit G.

“Harvest Offset Fee” means a payment in the amount of [\$ _____] made to Grantee by Owner prior to any harvest or development of the Forestland with the prior written approval of Grantee in accordance with Section 13.5 and defined in Exhibit B of this Agreement.

“Hazardous Material” means any asbestos-containing materials, petroleum, explosives or any other substance, material, or waste which is now or hereafter classified as hazardous or toxic, or which is regulated under current or future federal, state, or local laws or regulations.

“Indemnifying Party/Indemnified Party” have the definitions in Section 7.

“Intentional Reversal” means any reversal of issued credits caused by a forest owner’s negligence, gross negligence, or willful intent, including harvesting, development, and harm to the area the Project Instance.

“Leakage” means net changes of anthropogenic emissions by GHG sources that occur outside of the Forestland but attributable to the Forestland or the Project.

“License Agreement” means that License Agreement dated ____, 20__ by and between Owner and Grantee entered into for the purposes of Grantee investigating the feasibility of a Project on the Forestland and attached hereto as Exhibit H.

“Long-Term Monitoring Trust” means a separate trust entity established by Grantee and designated to fund ongoing monitoring obligations on the Forestland for the entire Project Lifetime.

“Memorandum of Agreement” means a written acknowledgment of this Agreement substantially in the form of Exhibit D and that will be recorded against the Forestland.

“Monetary Default” means Grantee’s failure to pay when due any monetary obligation of Grantee under this Agreement.

“Mortgage” means any mortgage, deed of trust or other security interest in this Agreement or in any Project, or any portion thereof that is entered into by Grantee.

“Mortgagee” means any person who is the mortgagee, grantee or beneficiary of a Mortgage.

“Non-Monetary Default” means any other default of Grantee that is not a Monetary Default under this Agreement.

“Notice of Default” has the definition in Section 11.1.

“Offset Credit” means any tradable or marketable instrument issued by or under any Carbon Registry related to or associated with any Carbon Rights.

“Original Term” has the definition in Section 3.2.

“**Owner**” means [_____] (collectively, and together with [his/her/its/their] successors, assigns and heirs.

“**Party**” or “**Parties**” mean either Owner or Grantee or both, collectively.

“**Permanence Stock**” means a quantity of carbon, as measured by units of carbon-dioxide equivalent, held in the above-ground and below-ground biomass of that portion of the Forestland constituting the Project Instance equal to the cumulative quantity of Offset Credits attributed to the Project Instance during the crediting period.

“**Project**” means a forest management project on the Forestland that is intended to generate Offset Credits.

“**Project Activities**” mean determining the feasibility of a Project on the Forestland or on adjacent lands, including any surveys, studies, and investigations of the Forestland as Grantee determines, in its sole discretion, may be necessary, useful, or appropriate; and monitoring and operating the Project

“**Project Instance**” means a distinct area existing within the geographic boundary of a Project as delineated in Project documentation.

“**Project Lifetime**” means a minimum crediting period 25 years and a subsequent monitoring period of an additional 100 years for a total period of 125 years.

“**Property-Related Taxes**” means all real property taxes and assessments, and all other fees, levies and charges that are assessed against or imposed upon the Forestland, or that become due and payable with respect to the Forestland, including, without limitation, all nongovernmental fees or assessments such as maintenance charges, owner association dues and charges, and assessments, fees, levies and charges resulting from covenants, conditions and restrictions affecting the Forestland.

“**Related Person**” means, with respect to Owner, any principals, employees, servants, guests or invitees of Owner or those third persons over whom Owner exercises actual control; or with respect to Grantee, any affiliates, contractors, lessees, and sublessees of Grantee, and each of their respective, principals, officers, employees, servants, agents, representatives, subcontractors, licensees, invitees, and/or guests.

“**Sanitation Removal**” means the intentional removal of trees for the purpose of preventing disease or to correct a natural disturbance.

“**Second Extended Term**” has the definition in Section 3.3.

“**Termination Payment**” has the definition in Section 13.4.

“**Third Extended Term**” has the definition in Section 3.3.

“**Transfer Policy**” means the procedures, rules and requirements set forth by Grantee, as may be amended from time to time by Grantee, to transfer the Project to another developer in accordance with the requirements of a Carbon Registry.

“**Verra**” means an association incorporated in the District of Columbia, USA whose registered office is, as of the Effective Date, located at 1 Thomas Circle, Suite 1050, Washington DC, 20005.

Capitalized terms set forth elsewhere in this Agreement will have the meanings specified therein. Capitalized terms that are not otherwise defined herein shall have the definition ascribed in any applicable law, regulation, or Carbon Registry methodologies or protocols.

EXHIBIT D
[Form of Memorandum]

[see attached]

[TO BE CONFORMED TO APPLICABLE STATE AND COUNTY RECORDING REQUIREMENTS]

Drafted by and after recording return to:

Forest Carbon Works, PBC

Attn:

MEMORANDUM OF FOREST MANAGEMENT LEASE AGREEMENT

THIS MEMORANDUM OF FOREST MANAGEMENT LEASE AGREEMENT (this “Memorandum”), is made, dated and effective as of [_____], 202__ (the “**Effective Date**”), between [_____] (together with [his/her/their/its] successors, assigns and heirs, “**Owner**”), whose address is [_____], and **Forest Carbon Works**, a Delaware public benefit company (together with its transferees, successors and assigns, “**Grantee**”), whose address is [_____], with regards to the following:

1. Owner and Grantee did enter into that certain FOREST MANAGEMENT LEASE AGREEMENT dated and effective as of [_____], 202__ (the “**Agreement**”), which grants and conveys to Grantee a leasehold interest and certain easements over across and through the Forestland, including that real property located in [_____] County, State of [_____], as more particularly described in Exhibit A

attached. Capitalized terms used and not defined herein have the meaning given the same in the Agreement.

0. This Memorandum is executed by Owner and Grantee and placed of record in the county(ies) where the Forestland is located for the purpose of placing all persons on notice of the existence of the Agreement.

0. The Agreement grants a leasehold interest and certain easements that benefit Grantee, and among other things, contains certain additional terms regarding payments to be made by Grantee to Owner, rights of Grantee and Owner to terminate the leasehold interest and grant of easements, compliance with governmental requirements, representations and warranties by Grantee and Owner to each other, third party use restrictions, and other matters.

0. The Agreement shall be for an initial term (the “**Development Term**”) commencing on the Effective Date and continuing until earlier to occur of: (a) the date on which Grantee provides written notice to Owner of its election to extend the term of the Agreement for the Original Term, or (b) the date that Grantee terminates the Agreement. Upon Grantee providing such notice, the Agreement shall extend for the period commencing on the date on which Grantee provides notice of its election to extend the term until the earlier to occur of: (a) November 30, 20__, or (b) termination of this Agreement (the “**Original Term**”). Following the Original Term, Grantee has the option, subject to Owner’s acceptance, to extend the term of the Agreement for up to three (3) additional periods of six (6) years (each an “**Extended Term**”). The Development Term, Original Term, and any Extended Term are referred to collectively as the “**Contract Period**” of the Agreement.

0. The Agreement obligates Owner to maintain a certain quantity of carbon in the Forestland for a period of 125 years, as further specified in the Agreement.

0. This Memorandum does not supersede, modify, amend or otherwise change the terms, conditions or covenants of the Agreement, and Owner and Grantee executed and are recording this Memorandum solely for the purpose of providing constructive notice of the Agreement and Grantee’s rights thereunder. The terms, conditions and covenants of the Agreement are set forth at length in the Agreement and are incorporated herein by reference as though fully set forth herein. This Memorandum shall not, in any manner or form whatsoever, alter, modify or vary the terms, covenants and conditions of the Agreement.

0. This Memorandum shall also bind and benefit, as the case may be, the heirs, legal representatives, assigns and successors of the respective parties hereto, and all covenants, conditions and agreements contained herein shall be construed as covenants running with the land.

0. Owner shall have no ownership, lien, security or other interest in any Carbon Rights, or any profits derived from the Project.

0. This Memorandum may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

[signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Memorandum to be effective as of the date first written above.

OWNER:

GRANTEE:

Name [_____]
Entity Type [_____]

Forest Carbon Works,
a Delaware public benefit company

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

—

—

OR

[individual only]

By: _____

— [Name]

**[PLEASE SEE STATE-SPECIFIC LEASE FORM
FOR CORRECT NOTARIAL ACKNOWLEDGEMENT]**

STATE OF _____)
) SS.
COUNTY OF _____)

Personally came before me this ____ day of _____, 202__,
_____ who executed the foregoing instrument **[individually][as**
of _____], and acknowledged the same [on behalf of said
_____].

(S E A L)

Name: _

0. Promptly notify Grantee in the event of an actual or perceived natural disturbance on the Forestland, including significant damage that may have been caused by forest fire, excessive wind, pest or disease.

0. Retain all timber and mineral rights in the Forestland.

0. Promptly notify Grantee in the event of the sale or transfer of any ownership interest in the Forestland.

0. Unless otherwise provided in this Agreement with respect to Firewood or Sanitation Removal, Owner shall not conduct or permit Commercial Harvesting or the clearing of trees to promote non-forest land uses on the Forestland without the prior written consent of Grantee.

0. Shall not plant or permit the planting of any non-native species in the Forestland without the prior written consent of Grantee.

0. Shall not conduct or permit any broadcast fertilization on the Forestland without prior written consent of Grantee.

0. Shall enter the Forestland into the Long-Term Monitoring Trust at the request of Grantee.

0. Shall maintain the Permanence Stock until expiration of the Project Lifetime (as defined in Exhibit C). Owner's covenant made herein shall survive the termination of the Agreement until the expiration of the Project Lifetime. If Owner fails to so maintain the Permanence Stock of the Forestland as required hereunder, such failure shall constitute an Intentional Reversal and Owner shall pay the Termination Payment to Grantee pursuant to the terms and provisions of Section 13 of the Agreement. Owner shall indemnify, defend, and hold Grantee harmless from any claims, costs, expenses, damages, or other obligations or liability in connection with any such failure to maintain the Permanence Stock as required under the Agreement.

EXHIBIT F

Consent to Credit Verification

EXHIBIT G

Harvest Plan

EXHIBIT H

License Agreement