



Letter of Intent

Note: Nothing contained in this Letter will be deemed a commitment on the part of either Party to consummate the transaction described herein or any aspect thereof, nor will any component contained herein constitute an offer to buy or sell credits.

This Letter of Intent is made on the 31st day of October, 2021

BETWEEN

Ministry of Agriculture and Rural Development of Vietnam (Seller)

AND

Emergent Forest Finance Accelerator, Inc. (Buyer)

Whereas,

- i. The Lowering Emissions by Accelerating Forest finance (“LEAF”) Coalition is a public-private coalition that seeks to end tropical deforestation and significantly reduce global greenhouse gas emissions by rewarding jurisdictions with tropical and sub-tropical forests that successfully reduce deforestation and forest degradation;
- ii. The Buyer is a U.S. based non-profit organization that serves as the administrative coordinator of the LEAF Coalition and works with participants in the LEAF Coalition and tropical forest countries in an effort to create a new marketplace in large-scale transactions of high-integrity carbon credits at the jurisdictional level;
- iii. Participants in the LEAF Coalition have indicated interest having the Buyer enter into a purchase agreement for emission reductions with the Seller;
- iv. The Seller is a jurisdiction that is undertaking efforts to protect and restore forests in a manner consistent with the Call for Proposals (“CFP”) that was published by the LEAF Coalition on April 22, 2021;



- v. The Buyer transacts emission reductions ("**Contract ERs**") from jurisdictional programs that are validated, verified, and issued through the Architecture for REDD+ Transactions ("**ART**"), whereby each Contract ER represents one metric tonne of carbon dioxide equivalent of emissions reduced;
- vi. The objective of Buyer and Seller in exploring a transaction for Contract ER is to accelerate forest protection and maximize environmental impact. To that end, Buyer payments upon delivery for Contract ERs on behalf of corporate purchasers and other third parties are intended to provide the Seller revenue to support ongoing commitments to the climate objectives of the Paris Agreement, sustainable economic development with a priority for forest protection and forest restoration including the Seller's National REDD+ Strategy, and implementation of robust financial, environmental and social safeguards;
- vii. The Buyer wishes to formally express its interest in making payment for or purchasing such Contract ERs from the Seller;
- viii. The Seller has submitted a proposal in response to the CFP, and the Seller wishes to formally express interest in selling such Contract ERs to the Buyer;
- ix. The Buyer and Seller (each a "**Party**" and collectively "**Parties**") have initiated discussions to explore a potential purchase by the Buyer of Contract ERs generated by the Seller ("**Transaction**"); and
- x. The Parties wish to initiate negotiations of a legally binding emission reduction purchase agreement ("**ERPA**") to govern the terms of the Transaction.

A. **Cooperation Principles**

- i. The objective of this Letter of Intent ("**LOI**") is to establish a mutual spirit of collaboration between the Parties.
- ii. The Parties agree to negotiate the terms of the ERPA in good faith.
- iii. This LOI and the Seller's proposal to the LEAF Coalition in response to the CFP will be made publicly available. The Parties will endeavor to cooperate on the initial public announcement regarding the signing of this LOI. Until



such time as an ERPA is signed between the Parties, each Party will treat as confidential any discussions regarding commercial terms of the ERPA being negotiated (including terms and conditions, price and quantity), provided that the Parties may disclose the content of these discussion only to its employees, technical advisors or contactors who have a need to know this confidential information to further the purposes of this LOI and who are bound to protect the confidential information, the Buyer may also share the content of such discussions with members of the LEAF Coalition that are instructed to keep such information confidential, and the Seller will not reveal the identity of LEAF Coalition members interested in having the Buyer purchase Contract ERs from the Seller. The Seller and the Buyer agree to make the ERPA publicly available after the ERPA is signed.

B. Transaction Conditions

The Parties acknowledge that each of the following conditions, among others, are necessary to complete the Transaction:

- i. Submission by the Seller of a concept note and TREES Registration Document to the ART secretariat, with the Seller obtaining appropriate validation of that Registration Document through the ART process;
- ii. Compliance by the Seller with the requirements of v2.0 (or other applicable version) of the REDD+ Environmental Excellence Standard (“TREES”) developed by ART, including the Seller’s submission of Monitoring Reports and obtaining verification of those reports, the related emissions reductions, and the Seller’s conformance with environmental/social safeguards pursuant to ART TREES;
- iii. Issuance of the Contract ERs in accordance with the ART TREES standard, and the fully-executed transfer of the Contract ERs to the Buyer’s ART account or retirement of those ERs in the ART registry as indicated in the ERPA (such transfer or retirement each constituting a “**Delivery**”); and
- iv. Execution of an ERPA by and between the Parties within the timeframe designated in Section D (Termination) below.



Each Party responsible for its own costs

Each of the Parties shall pay all costs and expenses incurred by it in negotiating an ERPA and evaluating a potential Transaction.

Termination

This LOI will terminate upon execution of an ERPA by the Parties or within twelve (12) months of the date of execution of this LOI, whichever occurs first. The LOI may be extended upon mutual agreement in writing by the Parties.

Potential Transaction Description

In addition to the items described in Section B above, the following description of key components of the proposed transaction are indicative and for discussion purposes only. Applicable transaction terms will be discussed and finalized by the Parties prior to the completion of a binding ERPA.

- i. *Seller and Buyer will enter into an ERPA for a pre-determined volume of Contract ERs on a forward basis, over a period of ER vintages expected to be approximately five years. Payment will be made by Buyer upon Seller's Delivery of Contract ERs to Buyer.*
- ii. *Buyer will provide Seller with a guaranteed price of USD 10 per ER for Contract ERs.*
- iii. *Seller will make a high-level investment framework for its use of proceeds from the sale of the Contract ERs consistent with the CFP ("Use of Proceeds") publicly available and share information of where this is available.*
- iv. *Seller will identify a third-party financial intermediary qualified as an accredited entity by the Global Environmental Facility, the Green Climate Fund, and/or otherwise approved by Buyer ("Financial Intermediary"). Buyer will make payment for Contract ERs through the Financial Intermediary and such sales proceeds will be used for activities consistent with the Use of Proceeds.*
- v. *Following any transfer of Contract ERs by Buyer to a corporate purchaser of those ERs, any sales proceeds in excess of the USD 10 price resulting from any subsequent re-sale by that corporate purchaser of those Contract ERs*



will be paid to the Financial Intermediary for (after deducting third-party and reasonable overhead costs) activities consistent with the Use of Proceeds.

- vi. *Seller will make publicly available any relevant and available data, information, and materials about the program as validated by ART-TREES related to the generation of the Contract ERs.*
- vii. *The inclusion of the mitigation outcomes underlying transferred Contract ERs in the Seller's accounting towards achievement of its Nationally Determined Contribution under the Paris Agreement, and any expectations regarding corresponding adjustments, will be addressed in the ERPA, consistent with the terms outlined in the CFP.*
- viii. *Seller will attest to, and provide evidence of, the existence of a National REDD+ Strategy or Action Plan applicable to Seller's jurisdiction that allows the Delivery of the Contract ERs.*
- ix. *Seller will adhere to the principles of free, prior and informed consent and comply with robust safeguards, anti-corruption and monitoring provisions as required under ART TREES and the ERPA.*
- x. *Sample transaction vintages, volumes and pathways based on Seller's proposal in response to the CFP (for discussion purposes only):*

Vintage Year	Credit Volume (tCO₂e)	Transaction Pathway¹
2022	983,445	1 or 3
2023	979,696	1 or 3
2024	1,015,715	1 or 3
2025	1,032,233	1 or 3
2026	1,148,911	1 or 3
Total	5,150,000	

¹ Transaction Pathways refers to the nature of the transaction and expectations of participants as described in the CFP.



- xi. *Buyer and Seller intend to negotiate such other provisions for the ERPA between the Parties to effectuate Delivery of, and payment for, the Contract ERs.*

F. Agreement

Once executed, this LOI will constitute a non-binding indication of interest of the Parties to, in good faith, continue discussions and use reasonable efforts to negotiate an ERPA. Nothing in this LOI creates any legally binding rights or obligations for either Party, except as regards preserving the confidentiality of ERPA commercial terms negotiated in advance of any ERPA signing and related information pursuant to Section A(iii) above. This LOI may be executed in four counterparts, each of which shall be an original and become effect from the date of signing. The LOI and later the ERPA shall be executed in the English language.

Authorized Representative for Ministry of Agriculture and Rural Development of Vietnam

Authorized Representative for Emergent Forest Finance Accelerator, Inc.

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Signature Printed Name: Le Minh Hoan

Signature Printed Name: Eron Bloomgarden

Title: Minister Date:

Title: Executive Director Date: 10/29/2021