

**NODAL EXCHANGE CONTRACT SPECIFICATION**

**Global Emission Reduction (GER) Future**

ITEM	SPECIFICATION
<b>Contract Description</b>	Physically delivered offsets based on a basket of the following carbon offset sub-contracts: Base Carbon Contract (BCC), Forestry Carbon Contract (FCC), Prime Carbon Contract (PCC), and Carbon Capture Contract (CCC), where weightings are calculated and determined by the GER Supervisory Committee (GERSC), in accordance with the GER Governance and Methodology Protocol posted at <a href="http://www.nodalexchange.com">http://www.nodalexchange.com</a> .
<b>Contract Code</b>	GERE
<b>Settlement Method</b>	Physical Delivery
<b>Hours of Trading</b>	As defined at <a href="http://www.nodalexchange.com">http://www.nodalexchange.com</a>
<b>Unit of Trading</b>	1 lot
<b>Lot Size</b>	1,000 Metric Tons (MTs) representing 1,000 Offsets
<b>Currency</b>	US Dollars
<b>Minimum Tick</b>	\$0.01 per MT
<b>Settlement Price Precision</b>	\$0.01 per MT
<b>Last Trading Day</b>	Three Business Days prior to the last Business Day of the delivery month
<b>Delivery Day</b>	Three Business Days after the Last Trading Day (Last Business Day of the delivery month)
<b>Contract Series</b>	Monthly expirations for the current year, and the following two years. Annual December contracts for up to additional 7 years. The Exchange may list any other calendar month contract set off the standard listing cycle.
<b>Deliverable Product</b>	<p>Offsets eligible for delivery under each sub-contract are as below. The denomination of each subcontract is 1 metric ton of CO<sub>2</sub> or equivalent.</p> <p><b>Base Carbon Contract (BCC)</b> – BCC covers carbon offsets for the entire spectrum of carbon reduction projects except for 1) Hydroelectric power production project activities with a generating capacity exceeding 20 MW, 2) Projects involving the destruction of nitrous oxide (N<sub>2</sub>O) from adipic acid production, and 3) Projects involving the destruction of trifluoromethane (HFC-23).</p> <p><b>Forestry Carbon Contract (FCC)</b> – FCC covers carbon offsets generated by nature-based projects. Eligible offsets are:</p> <p>1) Verified Carbon Standard (VCS) - Carbon Emission Units from an approved VCS registry project verified under Agriculture, Forestry and Other Land Use (AFOLU) sector program methodologies accompanied by either Climate, Community and Biodiversity (CCB) Certification or Social Carbon certification or certifications issued under Verra’s Sustainable Development Verified Impact Standard (SD VSta) program for at least 3 SDGs (including SDG 13: Climate Action)</p>

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	<p>2) Gold Standard (GS) – Carbon Emission Units from an approved GS registry project verified under GS Land Use &amp; Forestry Requirements (including Agriculture &amp; Afforestation/Reforestation projects) accompanied by registry-approved SDG contributions for at least 3 SDGs (including SDG 13: Climate Action) under GS’s Gold Standard for the Global Goals (GS4GG)</p> <p><b>Prime Carbon Contract (PCC)</b> – PCC covers carbon offsets issued with additional certifications for Sustainable Development Goal (SDG) co-benefits. Eligible offsets are:</p> <p>1) Verified Carbon Standard (VCS) – Carbon Emission Units from an approved VCS registry project accompanied by certifications issued under Verra’s Sustainable Development Verified Impact Standard (SD VISta) program for at least 3 SDGs (including SDG 13: Climate Action)</p> <p>2) Gold Standard (GS) – Carbon Emission Units from an approved GS registry project accompanied by registry-approved SDG contributions for at least 3 SDGs (including SDG 13: Climate Action) under GS’s Gold Standard for the Global Goals (GS4GG)</p> <p><b>Carbon Capture Contract (CCC)</b> – <u>Offsets must be issued and available for immediate cancellation. Eligible offsets are:</u></p> <p><u>1) CCC initially represents</u> one European Union Allowance (EUA), being the tradable unit under the European Union Emissions Trading Scheme (EU ETS).  <del>In the future, each CCC is expected to represent either</del>  <del>1) such number of EUAs as the GER Supervisory Committee (GERSC) may determine,</del>  <del>or 2) Verified Carbon Standard (VCS) – Carbon Emission Units from an approved VCS registry project registered under VERRA methodology VM0044 – Biochar Utilization In Soil and Non-Soil Applications or a Carbon Emission Unit</del> generated by a qualifying type of carbon removal project as determined by the GERSC.</p> <p>Delivery eligibility criteria for each subcontract is further defined in GER Governance and Methodology Protocol.</p> <p>GERSC will provide independent governance and review, monitor ongoing development, and conduct necessary amendment on the eligible deliverable products and registries in accordance with GER Governance and Methodology Protocol.</p> <p>The weightings of GER sub-contracts are calculated and determined by GERSC annually through the annual review in February of each review year. The amendment to the weightings will <u>usually</u> take effect in April of the review year, applicable from the April expiry of the review year to the March expiry of the following year.</p>

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	<p>Current Weightings (Effective from <del>June-March 24<sup>th</sup>, 2023</del> to <del>March-April 15<sup>th</sup>, 2024</del>2023):</p> <p>Base Carbon Contract (BCC) – <del>38.352.3%</del></p> <p>Forestry Carbon Contract (FCC) – <del>38.723.9%</del></p> <p>Prime Carbon Contract (PCC) – 22.80%</p> <p>Carbon Capture Contract (CCC) – 1%</p> <p>Eligible vintage start in January 1st, 2013 and later.</p>
<b>Registry</b>	<p>Any offset must be registered in any of the following registries: Gold Standard Impact Registry, Verra Registry, or European Union Emission Trading System Union Registry.</p> <p>GER Supervisory Committee (GERSC) will provide independent governance and review, monitor ongoing development, and conduct necessary amendment on the eligible deliverable products and registries in accordance with GER Governance and Methodology Protocol.</p>
<b>Daily Settlement Price</b>	Determined by the Exchange based on exchange activity, other market data, and extrapolation to traded contracts, as appropriate
<b>Final Settlement Price</b>	The Daily Settlement Price on the Last Trading Day
<b>Delivery</b>	On the Last Trading Day, the Exchange will provide the Clearing House with information identifying the Participants with delivery obligations for the purpose of issuing Tender and invoice notices in accordance with Section IX (Physical Delivery and Settlement) of the Clearing House Rulebook.
<b>Final Settlement (Payment) Date</b>	Three or four Business Days after the Last Trading Day on the successful delivery of the underlying instruments (if the delivery confirmation is available by 11:30am on the third Business Day after the Last Trading Day, the payment will be made on the same day during the Midday Margin Cycle; if it is available after 11:30am, the payment will be made on the next Margin Cycle which will be the next Business Day)
<b>Position Limit</b>	<a href="https://www.nodalexchange.com/files/autogenerated/Nodal_Rulebook_Appendix_C-Limits_and_Levels.PDF">https://www.nodalexchange.com/files/autogenerated/Nodal_Rulebook_Appendix_C-Limits_and_Levels.PDF</a>
<b>Margin Unit</b>	US Dollars

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*formulated in the course of carrying out their obligations or duties hereunder or in the course of exercising any discretion hereunder, except where such loss or damage is directly caused by the Relevant Person's willful misconduct or fraud. In any event, Net Zero Market's liability to an Exchange's members under or in connection with this Protocol will not exceed the net fees it receives from such Exchange directly in connection with the GER Contracts in the calendar year in which its liability is determined or agreed. Without prejudice to the foregoing, neither Net Zero Markets, the GERSC, nor any of their respective officers, members, employees, affiliates or advisors shall be liable to any such Exchange's members or any other third party under any circumstances arising from contract (including under any indemnity), in tort (including negligence), under any warranty (express or implied) under statute or otherwise in each case for any indirect, incidental, exemplary, special or consequential punitive losses or damages arising under this Protocol or GER Contracts amended (or not amended) pursuant to this Protocol, including loss of profits, regardless of whether such damages could have been foreseen or prevented. Neither Net Zero Markets nor the GERSC makes any warranty that the members of any Exchange listing any GER Contract will be able to use such GER Contract (or any carbon credits incorporated within it) for offsetting purposes or to meet any compliance or regulatory requirement, statutory obligation or the requirements under any other applicable law, regulation or scheme. Such Exchange members are required to make, and rely upon, their own enquiries.*