

CZECH BANKING ASSOCIATION

On the basis of standard documentation published by the European Banking Federation

MASTER AGREEMENT FOR FINANCIAL TRANSACTIONS

SUPPLEMENT TO THE DERIVATIVES ANNEX

EU EMISSIONS ALLOWANCE TRANSACTIONS

Edition 12/2016

This Supplement amends and complements the General Provisions, the Derivatives Annex and each of its other Supplements which form part of a Master Agreement. This Supplement becomes an inseparable part of the Agreement if the parties incorporate it in the Master Agreement.

1. Purpose; Interpretation

(1) Purpose. The purpose of this Supplement ("Emissions Allowance Supplement" or "Supplement") is to govern EU Emissions Allowance Transactions, which mean an Allowance Forward, an Allowance Swap, an Allowance Option or any other Transaction so agreed by the parties in respect of an individual Transaction or in the Special Provisions ("EU Emissions Allowance Transactions").

(2) Interpretation. This Supplement forms an integral part of the Derivatives Annex. The term "Annex" as used in Sections 1(2) and 1(3) of the General Provisions should be construed as to include this Supplement. In the event of any conflict between different parts of the Derivatives Annex and this Supplement, this Supplement shall prevail.

Unless expressly defined in this Supplement, capitalized terms have the same meaning as in the General Provisions, the Derivatives Annex and other respective Annexes or Supplements.

2. EU Emissions Allowance Transactions

"Allowance Forward Transaction" means an EU Emissions Allowance Transaction identified as an Allowance Forward Transaction in the related Confirmation.

"Allowance Option Transaction" means an EU Emissions Allowance Transaction identified as an Allowance Option Transaction in the related Confirmation.

"Allowance Swap Transaction" means an EU Emissions Allowance Transaction identified as an Allowance Swap Transaction in the related Confirmation.

3. Definitions

"Administrator Event" means the suspension of some or all of the processes of a Relevant Registry or the EUTL in accordance with the Registries Regulation by the relevant National Administrator or the Central Administrator (as applicable) (i) where that Relevant Registry is not operated and maintained in accordance with the provisions of the Registries Regulation, or any other applicable law, or (ii) for the purpose of carrying out scheduled or emergency maintenance, or (iii) where there has been or following reasonable suspicion of, a breach of security which threatens the integrity of the registries system (including any back up facilities)..

"AEU Allowance" or "AEU" means an "allowance" as defined in the Directive and which is issued under Chapter II thereof.

"Affected Allowance" means an Allowance which is or is alleged to have been the subject of an Unauthorised Transfer as confirmed by an Appropriate Source.

"Aircraft Operator" means an "aircraft operator" as defined in the Directive.

"Allowance" means, in respect of an EU Emissions Allowance Transaction, an allowance of the specified Allowance Type relating to the Specified Compliance Period.

"Allowances to be Delivered" means in respect of an EU Emissions Allowance Transaction that is: (1) an Allowance Forward Transaction or an Allowance Swap Transaction, a number of Allowances equal to the Number of Allowances; or (2) an Allowance Option Transaction and in respect of an Exercise Date, a number of Allowances equal to the number of Options exercised or deemed exercised on that Exercise Date multiplied by the Option Entitlement.

"Allowance Initial Purchase Price" means in respect of an EU Emissions Allowance Transaction which is an Allowance Swap Transaction, the amount specified or otherwise determined as provided in the related Confirmation.

"Allowance Later Purchase Price" means in respect of an EU Emissions Allowance Transaction which is an Allowance Swap Transaction, the amount specified or otherwise determined as provided in the related Confirmation.

"Allowance Purchase Price" means

(i) in respect of an EU Emissions Allowance Transaction which is an Allowance Forward Transaction, the amount specified or otherwise determined as provided in the related Confirmation; and

(ii) in respect of an EU Emissions Allowance Transaction which is an Allowance Swap Transaction, an Allowance Initial Purchase Price or an Allowance Later Purchase Price.

"Allowance Strike Price" means in respect of an EU Emissions Allowance Transaction which is an Allowance Option Transaction, the price per Allowance specified or otherwise determined as provided in the related Confirmation.

"Allowance Shortfall" has the meaning given to such term in Section 9 of this Supplement.

"Allowance Type" means in respect of an EU Emissions Allowance Transaction, any of an AEU Allowance, an EU Allowance or an Eligible EU Credit as specified in the related Confirmation.

"Appropriate Source" means any "competent authority" (as defined in the Registries Regulation) and/or the Central Administrator, National Administrator or any other authority having power pursuant to the Directive and/or the Registries Regulation to block, suspend, refuse, reject, cancel or otherwise affect the transfer (whether in whole or in part) of Allowances, any recognised law enforcement or tax authorities of a Member State, the European Anti-fraud Office of the European Commission or Europol.

"Buyer" means in respect of an EU Emissions Allowance Transaction, the party specified as such in the related Confirmation.

"Call" means a type of an Allowance Option Transaction entitling, but not obligating, Buyer to purchase Allowances from Seller at the Allowance Strike Price per Allowance.

"Cash Settlement" shall have the meaning given that term in Section 5(1) of this Supplement.

"Cash Settlement Amount" means:

(i) in respect of an EU Emissions Allowance Transaction that is an Allowance Forward Transaction, an amount equal to the product of (a) the absolute value of the difference between the Allowance Purchase Price and the Floating Price and (b) the Number of Allowances;

(ii) in respect of an Option under an EU Emissions Allowance Transaction that is an Allowance Option Transaction, an amount equal to the product of (a) the absolute value of the difference between the Allowance Strike Price and the Floating Price and (b) the number of Allowances to be Delivered; and

(iii) in respect of an EU Emissions Allowance Transaction that is an Allowance Swap Transaction, an amount equal to the product of (a) the absolute value of the difference between the Allowance Later Purchase

Price and the Floating Price and (b) the Number of Allowances.

"Cash Settlement Notice" means, in respect of an EU Emissions Allowance Transaction, an irrevocable notice delivered by the Entitled Party to the other party to an EU Emissions Allowance Transaction (which may be delivered on a Business Day during the Cash Settlement Option Period by facsimile or orally (including by telephone) unless the parties specify otherwise in the related Confirmation) of the Entitled Party's exercise of the Cash Settlement Option.

"Cash Settlement Option" shall have the meaning given that term in Section 5(1) of this Supplement.

"Cash Settlement Option Period" means:

(i) in respect of an EU Emissions Allowance Transaction that is an Allowance Forward Transaction, the period commencing on the Trade Date and ending two (2) Delivery Business Days before the Delivery Date;

(ii) in respect of each Option under any EU Emissions Allowance Transaction that is an Allowance Option Transaction, the period commencing on the Trade Date and ending (i) at the moment an Exercise Notice is delivered to Seller or, (ii) if no Exercise Notice has been delivered to Seller during the Exercise Period, at the Latest Exercise Time on the Expiration Date; and

(iii) in respect of an EU Emissions Allowance Transaction that is an Allowance Swap Transaction, the period commencing on the Trade Date and ending two (2) Delivery Business Days before the Later Delivery Date.

"Central Administrator" means the person designated by the EU Commission to operate and maintain the EUTL pursuant to Article 20 of the Directive and Article 5 of the Registries Regulation.

"Central European Time" means the standard time adopted by Western European countries one hour ahead of Greenwich Mean Time.

"CER or Certified Emissions Reduction" means an Allowance Type having the meaning given to "Certified Emissions Reduction" under Article 12 of the Kyoto Protocol or any equivalent unit replacing CERs under the International Rules.

"Close-out Cost of Carry Amount" means an amount in EUR equal to:

(a) the Close-out Cost of Carry Rate; multiplied by:

(b)(i) in respect of an Allowance Forward Transaction, the Allowance Purchase Price; or (ii) in respect of an Allowance Option Transaction, the Allowance Strike Price; or (iii) in respect of an Allowance Swap Transaction, the Allowance Initial Purchase Price or the Allowance Later Purchase Price (depending on whether the Close-out Cost of Carry Amount is calculated in relation to Initial Delivery Date or Later Delivery Date); multiplied by:

(c) the Close-out Cost of Carry Delay, divided by (d) 360.

"Close-out Cost of Carry Delay" means the number of days in the period from (and including) (as if a VAT Invoice was sent on the agreed Delivery Date) the scheduled Payment Date to (but excluding) the date that would be the Payment Date if delivery had been made on the Final Delivery Date or Final Compliance Date (as the case may be).

"Close-out Cost of Carry Rate" means a rate equal to the Floating Rate that would be determined for the period from the scheduled Payment Date (as if a VAT Invoice was sent on the agreed Delivery Date) to the Early Termination Date, if the Reset Date were the date that would be the Payment Date if delivery had been made on the Final Delivery Date or Final Compliance Date (as the case may be) and the applicable Floating Rate Option were "EUR-EONIA-OIS-COMPOUND".

"COP/MOP" means a conference of the parties serving as the meeting of the parties to the Kyoto Protocol.

"Cost of Carry Amount" means an amount in EUR equal to:

(a) the Cost of Carry Rate multiplied by:

(b)(i) in respect of an Allowance Forward Transaction, the Allowance Purchase Price multiplied by the Number of Allowances delivered on or before the Delayed Delivery Date following the occurrence of a Suspension Event; or (ii) in respect of an Allowance Option Transaction, the Allowance Strike Price multiplied by the Number of Allowances delivered on or before the Delayed Delivery Date following the occurrence of a Suspension Event; or (iii) in respect of an Allowance Swap Transaction, the Allowance Initial Purchase Price or the Allowance Later Purchase Price (depending on whether the respective Delayed Delivery Date relates to Initial Delivery Date or Later Delivery Date) multiplied by the Number of Allowances delivered on or before the Delayed Delivery Date following the occurrence of a Suspension Event;

multiplied by: (c) the Cost of Carry Delay, divided by 360.

"Cost of Carry Delay" means the number of days in the period from (and including) (as if a VAT Invoice was sent on the agreed Delivery Date) the scheduled Payment Date to (but excluding) the Delayed Payment Date.

"Cost of Carry Rate" means a rate equal to the Floating Rate that would be determined for a Calculation Period commencing on (and including) (as if a VAT Invoice was sent on the agreed Delivery Date) the scheduled Payment Date and ending on (but excluding) the Delayed Payment Date, if the Reset Date were the last day of that Calculation Period and the applicable Floating Rate Option were "EUR-EONIA-OIS-COMPOUND".

"Decision" means a decision adopted by the COP/MOP, as amended or replaced from time to time.

"Delayed Delivery Date" shall have the meaning given that term in Section 7(A) of this Supplement.

"Delayed Payment Date" shall have the meaning given that term in the definition of Payment Date in this Supplement.

"Delivering Party" means, in respect of: (1) an Allowance Forward Transaction, the Seller; (2) an Allowance Option Transaction which is a Call, the Seller; (3) an Allowance Option Transaction which is a Put, the Buyer; or (4) a delivery to be provided under an Allowance Swap Transaction on the Initial Delivery Date, the Seller, and on the Later Delivery Date, the Buyer.

"Delivering Party's Delivery Business Day Location" means, in respect of an EU Emissions Allowance Transaction, the place specified as such in the Confirmation for the relevant EU Emissions Allowance

Transaction or, if a place is not so specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Delivering Party; or (ii) if no such place is specified, the place in which the Delivering Party's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which Delivering Party has its registered office.

"Delivering Party's Replacement Cost" means, in respect of a failure of the Receiving Party to accept Delivery of a number of Allowances (the **"DPRC Shortfall"**), an amount equal to:

(i) (1) the Allowance Purchase Price or Allowance Initial Purchase Price or Allowance Later Purchase Price or Allowance Strike Price, as applicable, as set out in the Confirmation for the relevant EU Emissions Allowance Transaction plus, in those circumstances in which the relevant termination of the parties' obligations under Sections 4, 6 and 7 of this Supplement occurs following a Suspension Event, the Close-out Cost of Carry Amount; less

(2) the price (per Allowance) Delivering Party, acting in a commercially reasonable manner, does or would, in the determination of the Calculation Agent, receive in an arm's length transaction concluded on the Final Compliance Date for an equivalent number of Allowances of the relevant Allowance Type to be delivered on the Final Compliance Date or, if later, the Delivery Business Day on which Allowances would be delivered in accordance with prevailing market practice under a spot transaction concluded on the Final Compliance Date; multiplied by:

(ii) the DPRC Shortfall; plus

(iii) interest at the Default Rate for the period from (and including) the Delivery Date to (but excluding) the date of termination in accordance with Section 8(B)(II) of this Supplement on an amount equal to the product of the DPRC Shortfall and an amount equal to the excess, if any, of the Allowance Purchase Price or Allowance Initial Purchase Price or Allowance Later Purchase Price or Allowance Strike Price, as applicable, over the price determined pursuant to paragraph (i)(2) above.

"Delivery Business Day" means, in respect of an EU Emissions Allowance Transaction, any day, which is not a Saturday or Sunday, on which commercial banks are open for general business in both Delivering Party's Delivery Business Day Location and the Receiving Party's Delivery Business Day Location.

"Delivery Date" means, in relation to an EU Emissions Allowance Transaction, the date or dates specified as such in the related Confirmation, including Initial Delivery Date and Later Delivery Date (subject to any adjustment in accordance with Section 7 of this Supplement).

"Directive" means Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending

Council Directive 96/61/EC, as amended from time to time.

"DPRC Shortfall" has the meaning given to such term in the definition of **"Delivering Party's Replacement Cost"** in this Section 3 of this Supplement.

"Eligible EU Credit" means a CER or ERU that, on the Delivery Date:

(a) pursuant to the Directive, may be exchanged by an Operator for an EU Allowance (valid in the Third Compliance Period) on a one-for-one basis, or used to comply with a requirement to surrender allowances in the Third Compliance Period on an equivalent one-to-one basis as an EU Allowance; and

(b) has not previously been surrendered or otherwise used for compliance purposes by an Operator or Aircraft Operator in accordance with the Directive.

"Encumbrance Loss Amount" means an amount reasonably determined by Receiving Party in good faith to be its total losses and costs in connection with an EU Emissions Allowance Transaction including, but not limited to, any loss of bargain, cost of funding or, at the election of Receiving Party but without duplication, loss or costs incurred as a result of its terminating, liquidating, obtaining or re-establishing any hedge or related trading position. Such amount includes losses and costs in respect of any payment already made under an EU Emissions Allowance Transaction prior to the delivery of the written notice by Receiving Party and Receiving Party's legal fees and out-of-pocket expenses but does not include Excess Emissions Penalty or any amount which Receiving Party must pay to a third party in respect of any such penalty payable to any other party (or Relevant Authority) by that third party. The parties agree that in circumstances where there was a breach of the No Encumbrances Obligation by Delivering Party caused by the transfer of an Affected Allowance, Receiving Party shall be entitled to include in such amount any losses arising out of or in connection with any claim, demand, action or proceeding brought against Receiving Party by a third party consequent upon the transfer by Receiving Party of an Affected Allowance transferred to it by Delivering Party under an EU Emissions Allowance Transaction.

"End of Phase Reconciliation Deadline" means in respect of an EU Emissions Allowance Transaction, the Reconciliation Deadline scheduled to fall in April 2021.

"Entitled Party" shall have the meaning given that term in Section 5(2) of this Supplement.

"ERU" or **"Emissions Reduction Unit"** means an Allowance Type having the meaning given to "Emissions Reduction Unit" under Article 6 of the Kyoto Protocol or any equivalent unit replacing ERUs under the International Rules.

"EU Allowance" means an "allowance" as defined in the Directive that has been issued by a competent authority pursuant to Chapter III of the Directive.

"EU Emissions Allowance Transaction" shall have the meaning given that term in Section 1(1) of this Supplement.

"EUTL" or **"European Transaction Log"** means the independent transaction log provided for in Article 20(1) of the Directive, the operation of which is further detailed in Article 5 of the Registries Regulation.

"Exercise Notice" means, in respect of an EU Emissions Allowance Transaction which is an Allowance Option Transaction, an Option notice given by Buyer to Seller (which may be given orally (including by telephone) unless the parties specify otherwise in the related Confirmation) of its exercise of the right or rights granted pursuant to the Allowance Option Transaction during the hours specified in the relevant Confirmation on a Seller Business Day during the Exercise Period, which shall be irrevocable once effective. If the Exercise Notice is received on any Seller Business Day after the latest time so specified, the Exercise Notice will be deemed to have been received on the next following Seller Business Day, if any, in the Exercise Period. Buyer may exercise the right or rights granted pursuant to the Allowance Option Transaction only by giving an Exercise Notice.

"Executive Board" or **"EB"** means the Executive Board of the Clean Development Mechanism that is referred to in Article 12(4) of the Kyoto Protocol, and as constituted under the International Rules.

"Expiration Date" means in respect of an EU Emissions Allowance Transaction which is an Allowance Option Transaction, the date specified as such in the related Confirmation (or determined pursuant to a method specified for such purpose) or, if that date is not a Business Day, the next following day that is a Business Day.

"Final Compliance Date" shall have the meaning given that term in Section 8(B)(II) of this Supplement.

"Final Delivery Date" shall have the meaning given that term in Section 8(A)(II) of this Supplement.

"Floating Price" means:

(i) in respect of an EU Emissions Allowance Transaction that is an Allowance Forward Transaction, the price per Allowance that Buyer, acting in a commercially reasonable manner, does or would, in the determination of the Calculation Agent, pay in an arm's length transaction concluded on the Delivery Date for an equivalent number of Allowances to be Delivered on the Delivery Date or, if later, the Delivery Business Day on which Allowances would be delivered in accordance with prevailing market practice under a spot transaction concluded on the Delivery Date;

(ii) in respect of an EU Emissions Allowance Transaction that is an Allowance Option Transaction and in relation to each Exercise Date, the price per Allowance that Receiving Party, acting in a commercially reasonable manner, does or would, in the determination of the Calculation Agent, pay in an arm's length transaction concluded on a Delivery Date for an equivalent number of Allowances to be Delivered on the Delivery Date or, if later, the Delivery Business Day on which Allowances would be delivered in accordance with prevailing market practice under a spot transaction concluded on the Delivery Date; or

(iii) in respect of an EU Emissions Allowance Transaction that is an Allowance Swap Transaction, the price per Allowance that Seller, acting in a commercially reasonable manner, does or would, in the determination of the Calculation Agent, pay in an arm's length transaction concluded on the Later Delivery Date for an equivalent number of Allowances to be Delivered on the Later Delivery Date or, if later, the Delivery Business Day on which Allowances would be delivered in

accordance with prevailing market practice under a spot transaction concluded on the Later Delivery Date.

"GHG Reduction" means the removal, limitation, reduction, avoidance, sequestration or mitigation of GHG emissions relative to the scenario that reasonably represents the anthropogenic emissions by sources or anthropogenic removal by sinks of GHG in the absence of such removal, limitation, reduction, avoidance, sequestration or mitigation.

"Greenhouse Gas" or **"GHG"** means any of the six gases listed in Annex A to the Kyoto Protocol, and such other gases as may be included in the Kyoto Protocol from time to time.

"Holding Account" means a form of digital record maintained in a Registry (pursuant to and in accordance with the Registries Regulation) that is able to be used to record the allocation (if applicable), holding and transfer of Allowances of the Allowance Type that is to be delivered under the relevant EU Emissions Allowance Transaction pursuant to and in accordance with the Scheme and the relevant International Rules. For the avoidance of doubt, Holding Account includes also a trading account in the sense of the Registries Regulation.

"Initial Delivery Date" means, in respect of an Allowance Swap Transaction, the date specified as such or otherwise determined pursuant to a method specified in the related Confirmation.

"Initial Payment Date" means, in respect of an Allowance Swap Transaction, the date specified as such or otherwise determined pursuant to a method specified in the related Confirmation.

"International Emissions Trading" or **"IET"** means the mechanism referred to in Article 17 of the Kyoto Protocol.

"International Rules" means as applicable, all laws, regulations, rules, guidelines, directions, modalities and procedures pertaining to IET as stipulated in the UNFCCC, the Kyoto Protocol, the Directive, the Registries Regulation, all decisions of the COP/MOP, public records of the Executive Board and all findings and rulings of all subsidiary bodies and technical panels pursuant to the Kyoto Protocol.

"ITL" or **"International Transaction Log"** means the international transaction log established pursuant to paragraph 38 of the Annex to Decision 13/CMP.1.

"ITL-Registry Operation" means the establishment and continuing functioning of the link between the ITL, the CITL, the relevant Registry or Registries (as the case may be) and, where applicable, the CDM Registry.

"Kyoto Protocol" means the Kyoto Protocol to the United Nations Framework Convention on Climate Change adopted at the third Conference of the Parties and signed in Kyoto, Japan on December 11, 1997, as amended from time to time.

"Later Delivery Date" means, in respect of an Allowance Swap Transaction, the date specified as such or otherwise determined pursuant to a method specified in the related Confirmation.

"Later Payment Date" means, in respect of an Allowance Swap Transaction, the date specified as such or otherwise determined pursuant to a method specified in the related Confirmation.

"Long-Stop Date" means, in respect of a Suspension Event that occurs with respect to a delivery or acceptance duty that would otherwise be required to be performed within the period:

(i) from (and including) 1 May 2013 to (and including) 31 December 2014, 1 June 2016 ;

(ii) from (and including) 1 January 2015 to (and including) 31 December 2016, 1 June 2018;

(iii) from (and including) 1 January 2017 to (and including) 31 December 2018, 1 June 2020 ; and

(iv) from (and including) 1 January 2019 to (and including) the twenty-fifth (25th) calendar day of the month in which the End of Phase Reconciliation Deadline is scheduled to occur, the twenty-fifth (25th) calendar day of the month in which the End of Phase Reconciliation Deadline is scheduled to occur.

"Member State" means a Member State of the European Union from time to time.

"Member State Registry" means the Registry established for each Member State under the Directive and the Registries Regulation.

"Multiple Exercise" means:

(1) If "Multiple Exercise" is specified to be applicable to an EU Emissions Allowance Transaction which is an American Allowance Option Transaction or a Bermuda Allowance Option Transaction, Buyer may exercise all or less than all the unexercised Options on one or more Business Days during the Exercise Period but (except as set forth below) on any such Business Day may not exercise less than the Minimum Number of Options or more than the Maximum Number of Options and, if a number is specified as "Integral Multiple" in the related Confirmation, the number of exercised Options must be equal to, or be an integral multiple of, the number so specified. Except as set forth below, any attempt to exercise on any such Business Day:

- (A) more than the Maximum Number of Options will be deemed to be an exercise of the Maximum Number of Options (the number of Options exceeding the Maximum Number of Options being deemed to remain unexercised);
- (B) less than the Minimum Number of Options will be ineffective; and
- (C) an amount of Options not equal to or an integral multiple of the Integral Multiple will be deemed to be an exercise of a number of Options equal to the next lowest integral multiple of the Integral Multiple (the number of Options exceeding that number being deemed to remain unexercised).

(2) Notwithstanding the foregoing, on any such Business Day, Buyer may exercise any number of Options that does not exceed the Maximum Number of Options if it exercises all the Options remaining unexercised. On the Expiration Date, Buyer may exercise any number of Options remaining unexercised.

"Minimum Number of Options" means, in respect of an Allowance Option Transaction to which Multiple Exercise is applicable, the number specified as such in the related Confirmation.

"Maximum Number of Options" means, in respect of an Allowance Option Transaction to which Multiple

Exercise is applicable, the number specified as such in the related Confirmation.

"National Administrator" means the entity responsible for managing, on behalf of a Member State, a set of user accounts under the jurisdiction of a Member State in the Union Registry as designated in accordance with Article 7 of the Registries Regulation.

"No Encumbrance Obligation" has the meaning given to such term in Section 13 of this Supplement.

"Number of Allowances" means, in respect of an EU Emissions Allowance Transaction, the number specified as such in the related Confirmation.

"Number of Options" means, in respect of an EU Emissions Allowance Transaction which is an Allowance Option Transaction, the number specified as such in the related Confirmation, being the number of Options comprised in the relevant Allowance Option Transaction.

"Operator" means an "operator" as defined in the Directive.

"Option" means, in respect of an Allowance Option Transaction, each unit into which the Option Transaction is divided for purposes of exercise or settlement.

"Option Entitlement" means, in respect of an EU Emissions Allowance Transaction which is an Allowance Option Transaction, the number of Allowances per Option specified as such in the related Confirmation. In the event that no Option Entitlement is specified in the related Confirmation, the Option Entitlement in respect of any Allowance Option Transaction shall be one Allowance per Option.

"Original Affected Party" means the person from whose account the Unauthorised Transfer of the Affected Allowance occurred.

"Payment Date" means, in respect of an EU Emissions Allowance Transaction, the date specified as such or otherwise determined pursuant to a method specified in the related Confirmation (including Initial Payment Date and Later Payment Date), provided that, in the case of delayed Delivery pursuant to Section 7 of this Supplement, the Payment Date shall be determined accordingly from the Delayed Delivery Date (such Payment Date being the **"Delayed Payment Date"**).

"Potential Exercise Date" means, in respect of an EU Emissions Allowance Transaction which is a Bermuda Allowance Option Transaction, each date specified as such in the related Confirmation or, if that date is not a Business Day, the next following day that is a Business Day.

"Premium" means, in respect of an EU Emissions Allowance Transaction which is an Allowance Option Transaction, the amount specified or otherwise determined as provided in the related Confirmation. If a Premium per Allowance is specified in the related Confirmation, the Premium shall be the product of the Premium per Allowance, the Number of Options and the Option Entitlement.

"Put" means a type of Allowance Option Transaction entitling, but not obligating, the Buyer to sell Allowances to Seller at the Allowance Strike Price per Allowance.

"Receiving Party" means, in respect of: (1) an Allowance Forward Transaction, the Buyer; (2) an Allowance Option Transaction which is a Call, the

Buyer; (3) an Allowance Option Transaction which is a Put, the Seller; or (4) a delivery to be provided under an Allowance Swap Transaction on the Initial Delivery Date, the Buyer, and on the Later Delivery Date, the Seller.

"Receiving Party's Delivery Business Day Location" means, in respect of an EU Emissions Allowance Transaction, the place specified as such in the Confirmation for the relevant EU Emissions Allowance Transaction or, if a place is not so specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for the Receiving Party; or (ii) if no such place is specified, the place in which the Receiving Party's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which the Receiving Party has its registered office.

"Receiving Party's Replacement Cost" means, in respect of a failure of the Delivering Party to deliver a number of Allowances (the **"RPRC Shortfall"**), an amount equal to:

- (i) (1) the price (per Allowance) that the Receiving Party, acting in a commercially reasonable manner, does or would, in the determination of the Calculation Agent, pay in an arm's length transaction concluded on the Final Delivery Date for an equivalent number of Allowances to be delivered on the Final Delivery Date or, if later, the Delivery Business Day on which Allowances would be delivered in accordance with prevailing market practice under a spot transaction concluded on the Final Delivery Date; less
- (2) the Allowance Purchase Price or Allowance Initial Purchase Price or Allowance Later Purchase Price or Allowance Strike Price, as applicable, as set out in the Confirmation for the relevant EU Emissions Allowance Transaction Confirmation plus, in those circumstances in which the relevant termination of the parties' obligations under Sections 4, 6 and 7 of this Supplement occurs following a Suspension Event, the Close-out Cost of Carry Amount; multiplied by:
- (ii) the RPRC Shortfall; plus
- (iii) interest at the Default Rate for the period from (and including) the Delivery Date to (but excluding) the date of termination in accordance with Section 8(A)(II) on an amount equal to the product of the RPRC Shortfall and an amount equal to the excess, if any, of the price determined pursuant to paragraph (i)(1) above over the Allowance Purchase Price or Allowance Initial Purchase Price or Allowance Later Purchase Price or the Allowance Strike Price, as applicable; or.

"Reconciliation Deadline" means in respect of an EU Emissions Allowance Transaction, 30th April in each calendar year in respect of the preceding calendar year or such later date in each year as may be determined in accordance with the Scheme for the surrender of Allowances pursuant to the Scheme.

"Registries Regulation" means the EU Commission Regulation no. 1193/2011 of 18 November 2011

establishing a Union Registry for the period commencing on 1 January 2013, and subsequent trading periods, of the Scheme pursuant to the Directive 2003/87/EC and Decision 280/2004/EC of the European Parliament and of the Council and amending Regulations (EC) No. 2216/2004 and (EU) No. 920/2010.

"Registry" means the registry established by a Member State, a non-Member State or the EU, in accordance with the International Rules, in order to ensure the accurate accounting of the issue, holding, transfer, acquisition, surrender, cancellation and replacement of Allowances. For the avoidance of doubt, references to a Registry shall include the Union Registry and the Holding Accounts within the Union Registry that are under the jurisdiction of a single National Administrator designated by a Member State and will together be deemed, for the purpose of this Supplement, to be a Registry for that Member State.

"Registry Operation" means, other than by reason of the occurrence of an Administrator Event:

- (i) the establishment of and continuing functioning of the Relevant Registry;
- (ii) the establishment of and continuing functioning of the EUTL and the ITL; and/or
- (iii) the establishment of and continuing functioning of the link between each of the Relevant Registry, the EUTL and the ITL, as applicable.

"Relevant Authority" means any authority having power pursuant to the Directive and/or the Registries Regulation to administer the Scheme, including the Central Administrator and each National Administrator.

"Relevant Registry" means the Registry through which a party is obliged to perform a delivery or acceptance obligation under and in accordance with an EU Emissions Allowance Transaction. Where a party has specified more than one Specified Holding Account for delivery or acceptance purposes, the Relevant Registry shall be identified in accordance with Section 4(6) of this Supplement.

"RPRC Shortfall" has the meaning given to such term in the definition of **"Receiving Party's Replacement Cost"** in this Section 3 of this Supplement.

"Scheme" means the scheme for transferring Allowances established pursuant to the Directive and the Registries Regulation, and as implemented by the national laws of Member States.

"Second Compliance Period" means, with respect to EU Allowances and AEU Allowances, the period beginning 1 January 2008 to 31 December 2012 and, with respect to CERs and ERUs, the first commitment period under the Kyoto Protocol referencing the period in which the GHG Reductions, which are the subject of the relevant CERs or ERUs, were achieved.

"Seller" means, in respect of an EU Emissions Allowance Transaction, the party specified as such in the related Confirmation.

"Seller Business Day" means, in respect of an EU Emissions Allowance Transaction which is an Allowance Option Transaction, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the city in which Seller is located for purposes of receiving notices.

"Settlement Disruption Event" means an event or circumstance beyond the control of the party affected that cannot, after the use of all reasonable efforts, be overcome and which makes it impossible for that party to perform its obligations either to deliver or to accept Allowances in accordance with the terms of an EU Emissions Allowance Transaction. For the avoidance of doubt, the inability of a party to deliver Allowances as a result of insufficient Allowances in the relevant Specified Holding Account whether caused by the low or non-allocation of Allowances by a Member State or any other state, the delay or failure of a Member State or Central Administrator to replace allowances of the Second Compliance Period with Allowances for the Third Compliance Period, or the failure of a party to procure sufficient Allowances to meet its delivery obligations shall not constitute a Settlement Disruption Event. This is not an exhaustive list of events which will not constitute a Settlement Disruption Event and is provided for the avoidance of doubt only. If an event or circumstance which would otherwise constitute or give rise to a Settlement Disruption Event also constitutes a Suspension Event, it will be treated as a Suspension Event and will not constitute a Settlement Disruption Event.

"Specified Compliance Period" means, in respect of an Allowance and an EU Emissions Allowance Transaction, the period as specified in the Confirmation for the relevant EU Emissions Allowance Transaction.

"Specified Holding Account" means, in respect of a party and an EU Emissions Allowance Transaction, the Holding Accounts (if any) specified as such in respect of such party (i) in the Confirmation for the relevant EU Emissions Allowance Transaction; or (ii) where no such accounts are specified in accordance with (i), in the Special Provisions; in either case in accordance with Section (15)(1)(A) or (15)(2)(A) of this Supplement (as applicable) and subject to modification in accordance with (15)(1)(B) or (15)(2)(B) of this Supplement.

"Suspension Event" occurs when on any date a party to the Agreement is unable to perform its delivery or acceptance duties under and in accordance with an EU Emissions Allowance Transaction and the Scheme through a Relevant Registry as a result of the occurrence of any of the following events:

- (i) absence of Registry Operation; or
- (ii) the occurrence of an Administrator Event.

"Third Compliance Period" means, in respect of EU Allowances and AEU Allowances, the period referred to in Article 16 of the Directive 2009/29/EC starting 1 January 2013 to 31 December 2020 and with respect to Eligible EU Credits, the period immediately following the first commitment period under the Kyoto Protocol referencing the period in which the GHG Reductions, which are the subject of the relevant CERs or ERUs, were achieved.

"Trade Date" means, in respect of an EU Emissions Allowance Transaction, the date specified in the related Confirmation.

"Unauthorised Transfer" means the transfer by debiting of any Allowance from an account holder's Holding Account and the crediting of a Holding Account of another person, where such transfer is not initiated by the relevant authorised representative or additional

authorised representative (as referred to in the Registries Regulation) of the first account holder.

"UNFCCC" means the United Nations Framework Convention on Climate Change.

"Union Registry" means the Registry referred to as the "Community Registry" in Article 19(1) of the Directive.

"VAT" has the meaning given to such term in Section 11(2) of this Supplement.

"VAT Amount" has the meaning given to such term in Section 11(3) of this Supplement.

"VAT Invoice" has the meaning given to such term in Section 11(1) of this Supplement.

"VAT Jurisdiction" means, in respect of a party and an EU Emissions Allowance Transaction, the place specified as such in the related Confirmation or, if a place is not so specified, the place specified in the Special Provisions as the VAT Jurisdiction for such party.

4. Deliveries and Payments

(1) Allowance Forward. For purposes of an Allowance Forward Transaction, on the Payment Date, Buyer shall pay to Seller an amount equal to the Allowance Purchase Price multiplied by the Number of Allowances and on the Delivery Date Seller shall deliver to Buyer the Allowances to be Delivered and Buyer shall accept the Allowances to be Delivered, subject to and in accordance with the terms and conditions of this Supplement and the related Confirmation.

(2) Allowance Option. For purposes of an Allowance Option Transaction, in respect of each Exercise Date, on the relevant Payment Date Receiving Party shall pay to Delivering Party an amount equal to the Allowance Strike Price multiplied by the number of Allowances to be Delivered and on the relevant Delivery Date Delivering Party shall deliver to Receiving Party the Allowances to be Delivered and Receiving Party shall accept the Allowances to be Delivered, subject to and in accordance with the terms and conditions of this Supplement and the related Confirmation.

(3) Allowance Swap. For purposes of an Allowance Swap Transaction,

(i) on the Initial Payment Date, Buyer shall pay to Seller an amount equal to the Allowance Initial Purchase Price multiplied by the Number of Allowances and on the Initial Delivery Date Seller shall deliver to Buyer the Allowances to be Delivered and Buyer shall accept the Allowances to be Delivered; and

(ii) on the Later Payment Date, Seller shall pay to Buyer an amount equal to the Allowance Later Purchase Price multiplied by the Number of Allowances and on the Later Delivery Date Buyer shall deliver to Seller the Allowances to be Delivered and Seller shall accept the Allowances to be Delivered;

all these subject to and in accordance with the terms and conditions of this Supplement and the related Confirmation.

(4) Netting. If on any date Allowances of the same Allowance Type and Specified Compliance Period would otherwise be deliverable in respect of two or more EU Emissions Allowance Transactions by each party to the other and, if applicable, between the same pair of Holding Accounts of the parties, then, on such date, each party's obligation to make delivery of any such

Allowances will be automatically satisfied and discharged and, if the aggregate amount of Allowances that would otherwise have been deliverable by one party exceeds the aggregate amount of Allowances that would otherwise have been deliverable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been deliverable to deliver to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

(5) Any obligation of Delivering Party to deliver Allowances pursuant to an EU Emissions Allowance Transaction shall be discharged by the completed transfer of those Allowances from a Holding Account of Delivering Party under and in accordance with the Scheme. A transfer of Allowances shall be considered to be completed for the purpose of a delivery obligation pursuant to an EU Emissions Allowance Transaction when the relevant Allowances are received at the relevant Specified Holding Account of Receiving Party, whereupon risk of loss related to the Allowances or any portion thereof transfers from Delivering Party to Receiving Party. Notwithstanding the above, if Delivering Party has one or more Specified Holding Accounts for the relevant EU Emissions Allowance Transaction, Delivering Party's obligation to deliver Allowances under an EU Emissions Allowance Transaction shall be limited to an obligation to deliver from any such Specified Holding Account of Delivering Party to the relevant Specified Holding Account of Receiving Party. If a transfer of Allowances is completed after 4:00 p.m., Central European Time, on a Delivery Business Day or at any time on any day other than a Delivery Business Day, then those Allowances will be deemed to have been delivered at 10:00 a.m., Central European Time, on the next following Delivery Business Day. If a transfer of Allowances is completed before 10:00 a.m., Central European Time, on a Delivery Business Day, then those Allowances will be deemed to have been delivered at 10:00 a.m., Central European Time, on that day.

(6) Where Receiving Party has more than one Specified Holding Account in respect of an EU Emissions Allowance Transaction, such Specified Holding Accounts are set out in order of preference. Delivering Party shall deliver the Allowances to be Delivered to the first listed Specified Holding Account of Receiving Party on the Delivery Date unless, in respect of such Receiving Party's Specified Holding Account, it is prevented from so doing by an event or circumstance that would be a Settlement Disruption Event or a Suspension Event if the first listed Specified Holding Account of Receiving Party were the only Specified Holding Account so listed. In such circumstances, the provisions of this paragraph will apply iteratively to the next listed Receiving Party's Specified Holding Account (if any).

5. Cash Settlement Option

(1) Cash Settlement Option. Each party to an EU Emissions Allowance Transaction shall have an option (the "Cash Settlement Option") at any time during the Cash Settlement Option Period to elect the EU Emissions Allowance Transaction (or, in relation to an Allowance Option Transaction, any Option) to be settled by cash settlement instead of settlement by delivery of the Allowances (the "Cash Settlement"), unless a Confirmation of the EU Emissions Allowance Transaction expressly stipulates that the Cash Settlement Option only pertains to one party to the EU Emissions Allowance Transaction specified in the Confirmation.

(2) Cash Settlement Option Exercise. Each party to an EU Emissions Allowance Transaction entitled according to Section 5(1) of this Supplement and the relevant Confirmation to elect the Cash Settlement (the "Entitled Party") may exercise the Cash Settlement Option by giving a Cash Settlement Notice to the other party to the EU Emissions Allowance Transaction at any time during the Cash Settlement Option Period. If a Cash Settlement Notice has not been received by the other party prior to the end of Cash Settlement Option Period, the right granted pursuant to the Cash Settlement Option shall expire and cease to exist. Unless otherwise specified in a Confirmation, a Cash Settlement Option may be exercised only in whole.

(3) Allowance Forward Cash Settlement. If Cash Settlement Option has been exercised in respect of an Allowance Forward Transaction, settlement according to Section 4(1) of this Supplement shall not apply to this Allowance Forward Transaction and on the Payment Date for this Allowance Forward Transaction:

(i) Seller shall pay to Buyer the Cash Settlement Amount if the Floating Price is above the Allowance Purchase Price; or

(ii) Buyer shall pay to Seller the Cash Settlement Amount if the Floating Price is below the Allowance Purchase Price.

(4) Allowance Option Cash Settlement. If Cash Settlement Option has been exercised in respect of an Option under any Allowance Option Transaction, settlement according to Section 4(2) of this Supplement shall not apply to such Option and on a Payment Date in respect of each Exercise Date in respect of such Option:

(i) Delivering Party shall pay to Receiving Party the Cash Settlement Amount if the Floating Price is above the Allowance Strike Price; or

(ii) Receiving Party shall pay to Delivering Party the Cash Settlement Amount if the Floating Price is below the Allowance Strike Price.

(5) Allowance Swap Cash Settlement. If Cash Settlement Option has been exercised in respect of an Allowance Swap Transaction, settlement according to paragraph (ii) of Section 4(3) of this Supplement shall not apply to this Allowance Swap Transaction and on the Later Payment Date for this Allowance Swap Transaction:

(i) Seller shall pay to Buyer the Cash Settlement Amount if the Floating Price is above the Allowance Later Purchase Price; or

(ii) Buyer shall pay to Seller the Cash Settlement Amount if the Floating Price is below the Allowance Later Purchase Price.

6. Settlement Disruption Event

(1) Notification of a Settlement Disruption Event. Upon the occurrence of a Settlement Disruption Event, either party may, by written notice to the other party, notify that party of the commencement of the Settlement Disruption Event and the EU Emissions Allowance Transaction(s) affected by that Settlement Disruption Event. Where the notification is from the party affected by the Settlement Disruption Event, to the extent available to such party, it shall also provide details of the Settlement Disruption Event and a non-binding estimate of the extent and the expected duration of its inability to perform its obligations due to the Settlement Disruption Event.

(2) Consequences of a Settlement Disruption Event. If a Settlement Disruption Event occurs, the obligations of both parties which would otherwise be required to be performed with respect to the EU Emissions Allowance Transaction(s) affected by the Settlement Disruption Event will be suspended for the duration of the Settlement Disruption Event and, subject to Section 6(3) of this Supplement, will not be required to be performed until the day on which the Settlement Disruption Event is overcome or ceases to exist. During the continuation of the Settlement Disruption Event, the party affected by the Settlement Disruption Event shall continue to use all reasonable endeavours to overcome the Settlement Disruption Event. Subject to Section 6(3) of this Supplement, upon the Settlement Disruption Event being overcome or ceasing to subsist, both parties will be required, as soon as reasonably practicable but no later than the second Delivery Business Day following the date upon which the Settlement Disruption Event has been overcome or ceases to exist, to resume full performance of their debts under this Agreement in respect of the relevant EU Emissions Allowance Transaction(s) (including, for the avoidance of doubt, any suspended obligations).

(3) Further consequences of a Settlement Disruption Event. In respect of an EU Emissions Allowance Transaction affected by a Settlement Disruption Event, where the Settlement Disruption Event continues:

(A) during the period ending 9 Delivery Business Days after the original date that, but for the Settlement Disruption Event, would have been the Delivery Date for an EU Emissions Allowance Transaction; or

(B) if such 9 Delivery Business Day period would end after the Reconciliation Deadline on or immediately following the original date that, but for the Settlement Disruption Event, would have been the Delivery Date for an EU Emissions Allowance Transaction, during the period ending on that Reconciliation Deadline; or

(C) if such 9 Delivery Business Day period would end after the day that is 3 Delivery Business Days preceding the End of Phase Reconciliation Deadline on or immediately following the original date that, but for the Settlement Disruption Event, would have been the Delivery Date for an EU Emissions Allowance Transaction, during the period ending on the day that is 3 Delivery Business Days preceding that End of Phase Reconciliation Deadline,

then on that 9th Delivery Business Day, Reconciliation Deadline or day that is 3 Delivery Business Days preceding the End of Phase Reconciliation Deadline (as the case may be), an Impossibility Event shall be deemed to have occurred in respect of the relevant EU Emissions Allowance Transaction and, if an Early Termination Date results from such event, then, for purposes of determining any amount payable under Section 7 of the General Provisions in respect of that Early Termination Date: (i) if "Payment on Termination for Settlement Disruption" is specified to be applicable in the Special Provisions or the

Confirmation for the relevant EU Emissions Allowance Transaction, it will be deemed that the duty to perform the suspended debts resumed on the Early Termination Date; or (ii) if "Payment on Termination for Settlement Disruption" is not specified to be applicable in the Special Provisions or the Confirmation for the respective EU Emissions Allowance Transaction, it will be deemed that the parties had no further delivery or payment debts in respect of the EU Emissions Allowance Transaction after the occurrence of the Settlement Disruption Event (other than in respect of any payment due by one party in connection with delivery duties already performed by the other party); provided, however, that respective party shall promptly refund to the other party any amount that may have been paid by the other party in respect of the EU Emissions Allowance Transaction (other than in respect of delivered Allowances) together with interest on that amount in the same currency as that amount for the period from (and including) the date that amount was paid to (but excluding) the date of termination of such EU Emissions Allowance Transaction, at the rate certified by the party required to refund the amount to be a rate offered to such party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by such party for purposes of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in the relevant market.

7. Suspension Event

- (A) Upon the occurrence of a Suspension Event, the party affected by the Suspension Event shall, as soon as reasonably practicable, notify the other party in writing of the commencement of the Suspension Event. To the extent available to the party affected by the Suspension Event, it shall also provide details of the Suspension Event including a non-binding estimate of the duration of its inability to perform its obligations due to the Suspension Event.
- (B) Where a Suspension Event occurs, the obligations of both parties which would otherwise be required to be performed with respect to the EU Emissions Allowance Transaction(s) affected by the Suspension Event will be suspended for the duration of the Suspension Event and, subject to Section 7(D) of this Supplement below, will not be required to be performed until the Suspension Event ceases to exist.
- (C) Subject to Section 7(D) of this Supplement below, upon the Suspension Event ceasing to exist, both parties will be required to resume full performance of their obligations under this Agreement in respect of the relevant EU Emissions Allowance Transaction(s) (including, for the avoidance of doubt, any suspended obligations) as soon as possible but no later than the day that is the earlier of: (i) the tenth Delivery Business Day following the date on which the Suspension Event ceases to exist; and (ii) 3 Delivery Business Days prior to the End of Phase Reconciliation Deadline (the "**Delayed Delivery Date**").

In the event that the Allowances to be Delivered are delivered to the Receiving Party on or before the Delayed Delivery Date following the occurrence of a Suspension Event as contemplated by Section 7(B) of this Supplement above, the Receiving Party agrees to pay the Delivering Party on the Delayed Payment Date:

- (I) for the purposes of an Allowance Forward Transaction, an amount equal to the sum of: (X) Allowance Purchase Price multiplied by the Number of Allowances delivered on or before the relevant Delayed Delivery Date; and (Y) the Cost of Carry Amount;
- (II) for the purposes of an Allowance Option Transaction, an amount equal to the sum of: (X) the Allowance Strike Price multiplied by the Number of Allowances delivered on or before the relevant Delayed Delivery Date; and (Y) the Cost of Carry Amount;
- (III) for the purposes of an Allowance Swap Transaction, an amount equal to the sum of: (X) (i) in respect of Suspension Event occurred in relation to the Initial Delivery Date, Allowance Initial Purchase Price; or (ii) in respect of Suspension Event occurred in relation to the Later Delivery Date, Allowance Later Purchase Price, multiplied by the Number of Allowances delivered on or before the relevant Delayed Delivery Date; and (Y) the Cost of Carry Amount;

For the avoidance of doubt, the Cost of Carry Amount shall be identified in the relevant VAT Invoice sent to the Receiving Party.

- (D) Where a Suspension Event continues to exist on the Long-Stop Date, then an Impossibility Event shall be deemed to have occurred in respect of the relevant EU Emissions Allowance Transaction. The parties agree that in such case the Long-Stop Date will be the Early Termination Date for the purposes of the relevant EU Emissions Allowance Transaction. For purposes of determining any amount payable under Section 7 of the General Provisions in respect of that Early Termination Date, it will be deemed that the parties had no further delivery or payment obligations in respect of the EU Emissions Allowance Transaction after the occurrence of the Suspension Event (other than in respect of any payment due by one party in connection with delivery duties already performed by the other party); provided, however, that the respective party shall promptly refund to the other party any amount that may have been paid by the other party in respect of the EU Emissions Allowance Transaction (other than in respect of delivered Allowances) together with interest on that amount in the same currency as that amount for the period from (and including) the date that amount was paid to (but excluding)

the date of termination of such EU Emissions Allowance Transaction, at the rate certified by the party required to refund the amount to be a rate offered to such party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by such party for purposes of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in the relevant market. For the avoidance of doubt, in case of the Allowance Swap Transaction, the refund shall not include already paid Allowance Initial Purchase Price, provided that Allowances to be Delivered on the Initial Delivery Date were delivered.

8. Failure to deliver

If Delivering Party fails to deliver the Allowances to be Delivered on the Delivery Date, such failure shall not constitute an Event of Default (as defined in the Agreement) in respect of Delivering Party, but the following provisions shall apply:

(A) if the failure to deliver occurs other than as a result of the failure of Receiving Party to comply with the Requirements under the Scheme as specified below, the existence of an Illegality, the existence of a Settlement Disruption Event, the existence of a Suspension Event or an abandonment of the Scheme as described in Section 10(1) of this Supplement, the Payment Date will be postponed and Receiving Party may, by notice to Delivering Party, require Delivering Party to remedy such failure, and the following provisions shall apply:

(I) if Delivering Party delivers the Allowances to be Delivered on or before the Final Delivery Date:

(X) (i) In respect of an Allowance Forward Transaction, Receiving Party shall pay to Delivering Party on the Payment Date an amount equal to the Allowance Purchase Price multiplied by the Number of Allowances, (ii) in respect of an Allowance Option Transaction, Receiving Party shall pay to Delivering Party on the Payment Date an amount equal to the Allowance Strike Price multiplied by the number of Allowances to be Delivered, and (iii) in respect of an Allowance Swap Transaction, Receiving Party shall pay to Delivering Party on the Payment Date an amount equal to the Allowance Initial Purchase Price (when paid on the Initial Payment Date) or the Allowance Later Purchase Price (when paid on the Later Payment Date) multiplied by the Number of Allowances (and, in each case, for purposes of determining the Payment Date, the date of delivery shall be deemed to be the Delivery Date);

(Y) Delivering Party shall pay to Receiving Party on the Payment Date (determined in accordance with Section 8(A)(I)(X) above) interest on an amount equal to the number of Allowances that were required to be delivered on the Delivery Date (but which were not delivered on such date) multiplied by (i) the Allowance Purchase Price (in respect of an Allowance Forward Transaction) or (ii) the Allowance Strike Price (in respect of an Allowance Option Transaction) or (iii) the Allowance Initial Purchase Price (in respect of failure to deliver the Allowances to be Delivered under an Allowance Swap Transaction on the Initial Delivery Date) or (iv) the Allowance Later Purchase Price (in respect of failure to deliver the Allowances to be Delivered under an Allowance Swap Transaction on the Later Delivery Date) for the period from (and including) the original Delivery Date to (but excluding) the date of actual delivery at the Default Rate; or

(II) if the failure is not remedied on or before the second Delivery Business Day after such notice is given, or, if earlier, the Reconciliation Deadline on or immediately following the respective Delivery Date (in either case the "**Final Delivery Date**"), Receiving Party may, by written notice to Delivering Party, terminate the parties' obligations under Section 4 of this Supplement and Delivering Party shall pay to Receiving Party's Replacement Cost (if a positive number) on the third succeeding Business Day, adjusted to take into account any amount previously paid by Receiving Party to Delivering Party in respect of the relevant EU Emissions Allowance Transaction (which, for the avoidance of doubt, shall not include any Premium paid by the Buyer in respect of an Allowance Option Transaction); for the avoidance of doubt, if, in case of the Allowance Swap Transaction, the failure to deliver occurs in respect of the Later Delivery Date, such adjustment shall not include the Allowance Initial Purchase Price.

(B) if the failure to deliver occurs as a result of the failure of Receiving Party to comply with the Requirements under the Scheme as specified below, the Payment Date will be postponed and Delivering Party may, by notice to Receiving Party, require Receiving Party so to comply, and the following provisions shall apply:

- (I) if Receiving Party complies on or before the Final _Compliance Date:

(X) Delivering Party shall deliver to Receiving Party the Allowances to be Delivered and, (i) in respect of an Allowance Forward Transaction, Receiving Party shall pay to Delivering Party on the Payment Date an amount equal to the Allowance Purchase Price multiplied by the Number of Allowances, (ii) in respect of an Allowance Option Transaction, Receiving Party shall pay to Delivering Party on the Payment Date an amount equal to the Allowance Strike Price multiplied by the number of Allowances to be Delivered, and (iii) in respect of an Allowance Swap Transaction, Receiving Party shall pay to Delivering Party on the Payment Date an amount equal to the Allowance Initial Purchase Price (when paid on the Initial Payment Date) or the Allowance Later Purchase Price (when paid on the Later Payment Date) multiplied by the Number of Allowances (and, in each case, for purposes of determining the Payment Date, the date of delivery shall be deemed to be the Delivery Date); and

(Y) Receiving Party shall pay to Delivering Party on the Payment Date (determined in accordance with Section 8(B)(I)(X) above) interest on an amount equal to the number of Allowances that were required to be delivered on the Delivery Date (but which were not delivered on that date) multiplied by (i) the Allowance Purchase Price (in respect of an Allowance Forward Transaction) or (ii) the Allowance Strike Price (in respect of an Allowance Option Transaction) or (iii) the Allowance Initial Purchase Price (in respect of failure to deliver the Allowances to be Delivered under an Allowance Swap Transaction on the Initial Delivery Date) or (iv) the Allowance Later Purchase Price (in respect of failure to deliver the Allowances to be Delivered under an Allowance Swap Transaction on the Later Delivery Date) for the period from (and including) the original Delivery Date to (but excluding) the date of actual delivery at the Default Rate; or

- (II) if Receiving Party fails to comply on or before the second Delivery Business Day after such notice is given, or, if earlier, the Reconciliation Deadline on or immediately following the Delivery Date (in either case the "**Final Compliance Date**"),

Delivering Party may, by written notice to Receiving Party, terminate the parties' obligations under Section 4 of this Supplement and Receiving Party shall pay to Delivering Party an amount equal to Delivering Party's Replacement Cost (if a positive number) on the third succeeding Business Day, adjusted to take into account any amount previously paid by Receiving Party to Delivering Party in respect of the relevant EU Emissions Allowance Transaction (which, for the avoidance of doubt, shall not include any Premium paid by the Buyer in respect of an Allowance Option Transaction); for the avoidance of doubt, if, in case of the Allowance Swap Transaction, the failure to deliver occurs in respect of the Later Delivery Date, such adjustment shall not include the Allowance Initial Purchase Price.

9. Partial Settlement

If, on the Delivery Date, Delivering Party delivers to Receiving Party fewer Allowances than the Allowances to be Delivered (such shortfall the "**Allowance Shortfall**"), Receiving Party's obligation to pay pursuant to Section 4 of this Supplement above shall be reduced by an amount equal to the Allowance Shortfall multiplied by either (i) the Allowance Purchase Price (in respect of an Allowance Forward Transaction) or (ii) the Allowance Strike Price (in respect of an Allowance Option Transaction) or (iii) the Allowance Initial Purchase Price (in respect of Allowance Shortfall occurred on the Initial Delivery Date in connection with an Allowance Swap Transaction) or the Allowance Later Purchase Price (in respect of Allowance Shortfall occurred on the Later Delivery Date in connection with an Allowance Swap Transaction), and the provisions of "Failure to Deliver" above will apply in respect of the Allowance Shortfall (with references to Number of Allowances (in the case of an Allowance Forward Transaction or an Allowance Swap Transaction) and Allowances to be Delivered (in the case of an Allowance Option Transaction) being read as references to the Allowance Shortfall).

10. Abandonment of Scheme

(1) If before the Delivery Date the Scheme is, as a result of official written public pronouncement by the European Community, no longer scheduled to proceed or is to be discontinued, either party may, by written notice to the other party, terminate the relevant EU Emissions Allowance Transaction, in which case neither party shall have any further delivery or payment obligations under or in respect of that EU Emissions Allowance Transaction (other than in respect of any payment due by one party in connection with delivery duties already performed by the other party) and, for the avoidance of doubt, a payment shall not be due under Section 7 of the General Provisions or otherwise in respect of such termination.

(2) In the event of a termination in accordance with sub-clause (1) the respective party shall promptly refund to the other party any amount that may have been paid by the other party in respect of the EU Emissions Allowance Transaction together with interest on that amount in the

same currency as that amount for the period from (and including) the date that amount was paid to (but excluding) the date of termination of the EU Emissions Allowance Transaction in accordance with sub-clause (1), at the rate certified by the party required to refund the amount to be a rate offered to such party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by such party for purposes of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in the relevant market.

(3) For the avoidance of doubt, with respect to EU Emissions Allowance Transactions establishing more than one Delivery Date, the provisions of paragraphs (1) and (2) above regarding delivery and payment obligations of the parties shall only apply in respect of Delivery Dates to occur on or after abandonment of the Scheme according to Section 10(1) of this Supplement.

11. Invoicing and Value Added Taxes

(1) On or after the Delivery Date, Delivering Party shall send to Receiving Party a valid VAT invoice (applicable in the jurisdiction of supply) setting forth the number of Allowances delivered, or that would have been delivered but for the provisions of Section 4(4) of this Supplement, and the Allowance Purchase Price(s) or Allowance Strike Price(s), as applicable, stating the total amount payable by Receiving Party and stating the amount of VAT, if any, properly chargeable thereon (a "VAT Invoice").

(2) All amounts referred to in this Supplement or in a Confirmation for an EU Emissions Allowance Transaction are exclusive of any applicable Value Added Taxes ("VAT") which are or may become chargeable in respect of the supply or supplies for which such sums form the whole or part of the consideration for VAT purposes, and any such VAT shall be payable in addition to any such other consideration in accordance with the provisions set out below.

(3) The Receiving Party will either (A) subject to receipt of an appropriate VAT Invoice in respect of such supply or supplies stating *inter alia* the amount of VAT properly chargeable thereon (the "VAT Amount"), pay to Delivering Party a sum equal to the VAT Amount on the Payment Date; or (B) where, under the provisions of the applicable VAT legislation, the Receiving Party is required to self-assess and account for any VAT chargeable in respect of such supply, account for such VAT.

(4) On each date on which an EU Emissions Allowance Transaction is entered into, Receiving Party represents to Delivering Party that:

(A) For VAT purposes, Receiving Party receives the services supplied pursuant to the EU Emissions Allowance Transaction in connection with an establishment of Receiving Party in that party's VAT Jurisdiction; and

(B) it is a taxable person for the purposes of Article 9 of the European Community Directive 2006/112/EC and receives such supply for the purposes of a business carried on by it.

(5) Subject to each party's obligations relating to VAT, each party shall cause all royalties, Taxes, duties, and other sums (including any environmental tax or levy)

legally payable by that party arising in connection with an EU Emissions Allowance Transaction to be paid, and shall reimburse the other party to the extent that party is required to pay any such royalties, Taxes, duties or other sums for which the first party is primarily liable.

12. Requirements under the Scheme

Each party agrees with the other that, so long as either party has or may have any obligation under an EU Emissions Allowance Transaction, it will:

(A) ensure that, on a Delivery Date or a Delayed Delivery Date (as the case may be), it has one or more Holding Accounts validly registered in accordance with the Registries Regulation and where it has one or more Specified Holding Accounts, ensure that on a Delivery Date or Delayed Delivery Date (as the case may be) it has all such Specified Holding Accounts validly registered in accordance with the Registries Regulation;

(B) where it is Delivering Party, ensure that each Specified Holding Account of Receiving Party is nominated as a "trusted account" in its "trusted account list" for each of its Specified Holding Accounts (or other Holding Accounts, as applicable) for the purposes of the Registries Regulation; and

(C) conduct its affairs so as not to give any Relevant Authority cause to block, suspend, refuse, reject or cancel the transfer (whether in whole or in part) of Allowances requested to be made pursuant to any EU Emissions Allowance Transaction.

13. No encumbrances

In respect of each delivery of Allowances, Delivering Party shall deliver Allowances, free and clear of all liens, security interests, claims and encumbrances or any interest in or to them by any person (the "No Encumbrance Obligation").

Where a party is in breach of the No Encumbrance Obligation, the following shall apply:

(1) This Agreement and all other Transactions agreed by the parties under this Agreement shall continue unaffected.

(2) Without prejudice to any defences available to Delivering Party (including, but not limited to, any defences of statutes of limitation or similar), following written notice of that breach from Receiving Party to Delivering Party (irrespective of how long after the relevant Delivery Date such notice is provided) and subject to Paragraph (4) of this Section 13 below, Receiving Party shall:

(A) determine the Encumbrance Loss Amount arising from that breach either on the date such notice is deemed to be received or as soon as reasonably practicable thereafter; and

(B) shall notify Delivering Party of such Encumbrance Loss Amount due, including detailed support for its calculation.

Receiving Party is not required to enter into replacement transactions in order to determine the Encumbrance Loss Amount.

(3) By no later than the third (3rd) Business Day after the later of (i) receipt of a valid invoice in connection with such Encumbrance Loss Amount and (ii) receipt of the above-mentioned notice including detailed support of Receiving Party's calculation of the Encumbrance Loss Amount, Delivering Party shall pay the Encumbrance Loss Amount to Receiving Party, which amount shall bear interest at the Default Rate. Upon payment of the Encumbrance Loss Amount by Delivering Party, the parties shall have no further obligations in respect of that EU Emissions Allowance Transaction and that breach. Receiving Party acknowledges that its exclusive remedies in respect of such breach are those set out in this Section 13 (No Encumbrances).

(4) Where a breach of the No Encumbrances Obligation is caused by the transfer of an Affected Allowance, Delivering Party shall be liable for the Encumbrance Loss Amount if, at the date it first acquired, received or purchased such Affected Allowance, it was not acting in good faith; otherwise, Delivering Party shall only be liable for the Encumbrance Loss Amount (without prejudice to any other defences available to Delivering Party including, but not limited to, any defences of statutes of limitation or similar), if:

- (A) Receiving Party, whether or not the holder of such Affected Allowance, who is subject to a claim of the Original Affected Party, has, in order to resist or avoid any Encumbrance Loss Amount from arising, used its best endeavours to defend such a claim in respect of that Affected Allowance (including, if available, by relying on Article 37 of the Registries Regulation or any equivalent legal principle under applicable national law) and was unsuccessful (other than for reasons of its own lack of good faith); or
- (B) Receiving Party, whether or not the holder of such Affected Allowance, who acted in good faith in respect of its purchase of such Affected Allowance and who is subject to a claim of a third party (other than the Original Affected Party) in respect of that Affected Allowance, has used all reasonable endeavours to mitigate the Encumbrance Loss Amount.

14. Damages and costs

(1) Except to the extent included in any amount payable under Section 7 of the General Provisions or any payment in respect of Receiving Party's Replacement Cost or Delivering Party's Replacement Cost, or any payment in respect of Encumbrance Loss Amount, neither party is liable to the other for any lost profit or indirect loss.

(2) All costs, fees and charges assessed or imposed by a Relevant Authority in connection with the transfer of Allowances pursuant to an EU Emissions Allowance Transaction shall be the responsibility of the party upon whom such costs, fees and/or charges are allocated by the Relevant Authority.

15. Specified Holding Accounts and Modifications of Party's Specified Holding Accounts

Each party agrees with the other, so long as either party has or may have any obligation under an EU Emissions Allowance Transaction, as follows: (1) Receiving Party (A) shall ensure that one or more of such Holding Accounts registered in accordance with Section 12 of this Supplement above are specified in the Special Provisions or in the relevant Confirmation; and (B) may from time to time (i) amend the order in which its Specified Holding Accounts are listed, (ii) nominate an additional Specified Holding Account to those listed, and/or (iii) remove a Specified Holding Account from those listed, in each case in respect of an EU Emissions Allowance Transaction, provided that Receiving Party notifies Delivering Party in writing of such amendment, addition and/or removal (including the provision of the relevant account details) no less than thirty (30) calendar days prior to the next Delivery Date under that EU Emissions Allowance Transaction, and provided further that in each such case, Delivering Party notifies Receiving Party in writing that it consents to such changes within five (5) Delivery Business Days of receiving such notice from Receiving Party;

(2) Delivering Party may (A) specify one or more of such Holding Accounts registered in accordance with Section 12 of this Supplement in the Special Provisions or in the relevant Confirmation; and (B) from time to time, add a new Holding Account or an additional Holding Account to those listed in the Special Provisions or in the relevant Confirmation provided that it notifies Receiving Party in writing of such change (including the relevant account details) on or before the day that is ten (10) Delivery Business Days before the next Delivery Date under that EU Emissions Allowance Transaction.

16. Provisions applicable to Option Transactions

Unless otherwise defined in this Supplement, any term relating to Option Transactions is to be construed in accordance with the applicable Options Supplement published by the CBA.

Suggested Form of Confirmation of an Allowance Forward Transaction

To:
From:
Date:

We refer to our telephone conversation and hereby confirm our agreement to enter into an Allowance Forward Transaction [which shall be subject to the Master Agreement for Financial Transactions published by the Czech Banking Association and entered into between us on This Confirmation is a Confirmation in the Sense of Section 2(2) of the General Provisions. Unless expressly defined in this Confirmation, capitalized terms have the same meaning as in the Master Agreement.]. [In relation to this Transaction, Section 2(b) of the Special Provisions changes as follows:

“[Name of Annex/Supplement], Edition [Edition number]” is replaced by the following wording “[Name of Annex/Supplement], Edition [Edition number]”¹

The terms of the Transaction are as follows:

General Terms:

Reference Number: ☐

Trade Date: ☐

Party A [Company name, ID No., registered office]:

Party B [Company name, ID No., registered office]:

Buyer: Party [A/B]

Seller: Party [B/A]

Allowance Type: ☐²

Allowance Purchase Price: ☐

Number of Allowances: ☐

Total Purchase Price: ☐

Buyer's VAT Jurisdiction: ☐

Seller's VAT Jurisdiction: ☐

Settlement Terms:

Contractual Currency: ☐

Payment Date: ☐, subject to the provisions of "Failure to Deliver" in the Emissions Allowance Supplement

Delivery Date: ☐

[Buyer's Delivery Business Day Location: ☐³

[Seller's Delivery Business Day Location: ☐⁴

¹ It will be suitable to use this wording if the parties wish to incorporate into a particular Transaction newer edition of the relevant Annexes and/or Supplements than the ones that are incorporated in the Master Agreement pursuant to Section 2(b) of the Special Provisions.

² An AEU Allowance, EU Allowance or an Eligible EU Credit.

³ If a place is not specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Buyer; or (ii) if no such place is specified, the place in which the Buyer's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which the Buyer has its registered office.

⁴ If a place is not specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Seller; or (ii) if no such place is specified, the place in which the Seller's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which Seller has its registered office.

[Payment on Termination
For Settlement Disruption: [Applicable]]⁵

Cash Settlement Option:

[Entitled Party: [Party A/B]]⁶
[Partial Cash Settlement: [Applicable]]⁷

Calculation Agent: ☐

Account Details:

Account for payments of Party A: ☐

Account for payments of Party B: ☐

Specified Holding Account of Party A: ☐

Specified Holding Account of Party B: ☐

[Agency:] [The Transaction is an Agency Transaction. [Name of Agent] is acting as agent for [name or identifier of Principal]]

[Additional provisions:]

Please confirm that the foregoing correctly sets forth the terms of our agreement by countersigning this Confirmation and returning it to [] or by sending us a confirmation substantially similar to this Confirmation, which confirmation sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

[Signature]

[Signature of counterparty]

⁵ Please see Section 6(3) of the Emissions Allowance Supplement

⁶ Specify only if the Cash Settlement Option pertains to one of the Parties.

⁷ If no Partial Cash Settlement is specified, a Cash Settlement Option may be exercised only in whole.

Suggested Form of Confirmation of an Allowance Option Transaction

To:
From:
Date:

We refer to our telephone conversation and hereby confirm our agreement to enter into an Allowance Option Transaction [which shall be subject to the Master Agreement for Financial Transactions published by the Czech Banking Association and entered into between us on datedThis Confirmation is a Confirmation in the Sense of Section 2(2) of the General Provisions. Unless expressly defined in this Confirmation, capitalized terms have the same meaning as in the Master Agreement.]. [In relation to this Transaction, Section 2(b) of the Special Provisions changes as follows:

“[Name of Annex/Supplement], Edition [Edition number]” is replaced by the following wording “[Name of Annex/Supplement], Edition [Edition number]”⁸

The terms of the Transaction are as follows:

General Terms:

Reference Number: ☐

Trade Date: ☐

Party A [Company name, ID No., registered office]:

Party B [Company name, ID No., registered office]:

Buyer: Party [A/B]

Seller: Party [B/A]

Option Style: [American][European][Bermuda][Asian]⁹

Option Type: [Put][Call]

Allowance Type: ☐¹⁰

Number of Options: ☐

[Option Entitlement: ☐ Allowance(s) per Option]¹¹

Allowance Strike Price: ☐¹²

Premium: [(Premium per Allowance:)]

Premium Payment Date: ☐

[Buyer's Delivery Business Day Location: ☐¹³

[Seller's Delivery Business Day Location: ☐¹⁴

Procedure for Exercise:

Commencement Date: ☐

Exercise Period: [From and including _____ to and including _____]¹⁵ between ____ a.m. and ____ p.m. (local time in ☐).

⁸ It will be suitable to use this wording if the parties wish to incorporate into a particular Transaction newer edition of the relevant Annexes and/or Supplements than the ones that are incorporated in the Master Agreement pursuant to Section 2(b) of the Special Provisions.

⁹ If an Asian style Option, the parties should specify the Calculation Period or, in relation to more Settlement Dates, more Calculation Periods.

¹⁰ An AEU Allowance, EU Allowance or an Eligible EU Credit

¹¹ If no Option Entitlement is specified, the default Option Entitlement shall be one Allowance per Option.

¹² This should be expressed as Strike Price per Allowance.

¹³ If a place is not specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Buyer; or (ii) if no such place is specified, the place in which the Buyer's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which the Buyer has its registered office.

¹⁴ If a place is not specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Seller; or (ii) if no such place is specified, the place in which the Seller's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which Seller has its registered office.

¹⁵ Include if American style Option.

[Potential Exercise Date(s): ☐¹⁶
Expiration Date: ☐¹⁷
Expiration Time: ☐ (local time in ☐)

[Automatic Exercise: [Applicable]]¹⁸
[Knock-in Event: ☐
[Knock-out Event: ☐

[Partial Exercise: [Applicable]]¹⁹
[Minimum Number of Options: ☐
Integral Multiple: ☐²⁰

[Multiple Exercise: [Applicable]]²¹
[Minimum Number of Options: ☐
Maximum Number of Options ☐
Integral Multiple: ☐²²

[Written Exercise Notice: [Applicable] [Not Applicable]]

Settlement Terms:

Contractual Currency: ☐
Payment Date: ☐, subject to the provisions of "Failure to Deliver" in the Emissions Allowance Supplement
Delivery Date: ☐
[Buyer's Delivery Business Day Location: ☐²³
[Seller's Delivery Business Day Location: ☐²⁴

[Payment on Termination
For Settlement Disruption: [Applicable]]²⁵

Cash Settlement Option

[Entitled Party: [Party A/B]]²⁶
[Partial Cash Settlement: [Applicable]]²⁷

Calculation Agent: ☐

Account Details:

Account for payments of Party A: ☐
Account for payments of Party B: ☐

¹⁶ Include if Bermuda style Option.

¹⁷ Insert if the Option is exercisable only on the Expiration Date.

¹⁸ If Automatic Exercise is not specified as Applicable, it will be deemed not to apply.

¹⁹ If Partial Exercise is not specified as Applicable, it will be deemed not to apply.

²⁰ Applicable only if the Partial Exercise applies.

²¹ Applicable only in respect to American style Option or Bermuda style Option. If Multiple Exercise is not specified as Applicable, it will be deemed not to apply.

²² Applicable only if the Multiple Exercise applies.

²³ If a place is not specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Buyer; or (ii) if no such place is specified, the place in which the Buyer's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which the Buyer has its registered office.

²⁴ If a place is not specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Seller; or (ii) if no such place is specified, the place in which the Seller's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which Seller has its registered office.

²⁵ Please see Section 6(3) of the Emissions Allowance Supplement

²⁶ Specify only if the Cash Settlement Option pertains to one of the Parties.

²⁷ If no Partial Cash Settlement is specified, a Cash Settlement Option may be exercised only in whole.

Specified Holding Account of Party A: ☐

Specified Holding Account of Party B: ☐

[Agency:]

[The Transaction is an Agency Transaction. [Name of Agent] is acting as agent for [name or identifier of Principal]]

[VAT Jurisdiction: ☐

[Additional provisions:]

Please confirm that the foregoing correctly sets forth the terms of our agreement by countersigning this Confirmation and returning it to ☐ or by sending us a confirmation substantially similar to this Confirmation, which confirmation sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

[Signature]

[Signature of counterparty]

Suggested Form of Confirmation of an Allowance Swap Transaction

To:
From:
Date:

We refer to our telephone conversation and hereby confirm our agreement to enter into an Allowance Swap Transaction [which shall be subject to the Master Agreement for Financial Transactions published by the Czech Banking Association and entered into between us on This Confirmation is a Confirmation in the Sense of Section 2(2) of the General Provisions. Unless expressly defined in this Confirmation, capitalized terms have the same meaning as in the Master Agreement.]. [For the purposes of the below terms of the Transaction, this Confirmation also includes the Product Annex for Derivatives Transactions, all its Supplements applicable to this Transaction and the related provisions of the General Provisions that are included in the form of the latest Master Agreement for Financial Transactions issued by the Czech Banking Association and published on the website of the Czech Banking Association or otherwise published by the Czech Banking Association as at the Trade Date (the “CBA Documentation”). In the event of any discrepancy between the CBA Documentation and this Confirmation, the wording of this Confirmation shall prevail. In the event of any discrepancy between the CBA Documentation and the Master Agreement, the wording of the CBA Documentation shall prevail.]²⁸ [In relation to this Transaction, Section 2(b) of the Special Provisions changes as follows:

“[Name of Annex/Supplement], Edition [Edition number]” is replaced by the following wording “[Name of Annex/Supplement], Edition [Edition number]”]²⁹

The terms of the Transaction are as follows:

General Terms:

Reference Number: ☐

Trade Date: ☐

Party A [Company name, ID No., registered office]:

Party B [Company name, ID No., registered office]:

Buyer: Party [A/B]

Seller: Party [B/A]

Allowance Type: ☐³⁰

Number of Allowances ☐

Buyer's VAT Jurisdiction: ☐

Seller's VAT Jurisdiction: ☐

Settlement Terms:

Contractual Currency: ☐

[Buyer's Delivery Business Day Location: ☐³¹

[Seller's Delivery Business Day Location: ☐³²

[Payment on Termination
For Settlement Disruption: [Applicable]]³³

²⁸ It will be suitable to use this wording if the parties wish to incorporate into a particular Transaction the newest edition of the relevant Annexes and/or Supplements, instead of the ones that are incorporated in the Master Agreement pursuant to Section 2(b) of the Special Provisions.

²⁹ It will be suitable to use this wording if the parties wish to incorporate into a particular Transaction newer edition of the relevant Annexes and/or Supplements than the ones that are incorporated in the Master Agreement pursuant to Section 2(b) of the Special Provisions.

³⁰ An AEU Allowance, EU Allowance or an EligibleEU Credit.

³¹ If a place is not specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Buyer; or (ii) if no such place is specified, the place in which the Buyer's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which the Buyer has its registered office.

³² If a place is not specified: (i) the place specified in the Special Provisions as the Delivery Business Day Location for Seller; or (ii) if no such place is specified, the place in which the Seller's address for purposes of receiving notices connected with the relevant EU Emissions Allowance Transaction is located; or (iii) if no such address has been given, the place in which Seller has its registered office.

³³ Please see Section 6(3) of the Emissions Allowance Supplement

Initial Delivery:

Receiving Party: Party [A/B]
 Delivering Party: Party [B/A]
 Initial Payment Date: [], subject to the provisions of "Failure to Deliver" in the Emissions Allowance Supplement
 Initial Delivery Date: []
 Allowance Initial Purchase Price: []
 Total Initial Purchase Price: []

Later Delivery:

Receiving Party: Party [B/A]
 Delivering Party: Party [A/B]
 Later Payment Date: [], subject to the provisions of "Failure to Deliver" in the Agreement
 Later Delivery Date: []
 Allowance Later Purchase Price: []
 Total Later Purchase Price: []

Cash Settlement Option:

[Entitled Party: [Party A/B]]³⁴
 [Partial Cash Settlement: [Applicable]]³⁵

Calculation Agent:

[]

Account Details:

Account for payments of Party A: []
 Account for payments of Party B: []
 Specified Holding Account of Party A: []
 Specified Holding Account of Party B: []

[Agency:] [The Transaction is an Agency Transaction. [Name of Agent] is acting as agent for [name or identifier of Principal]]

[Additional provisions:]

Please confirm that the foregoing correctly sets forth the terms of our agreement by countersigning this Confirmation and returning it to [] or by sending us a confirmation substantially similar to this Confirmation, which confirmation sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

[Signature]

[Signature of counterparty]

³⁴ Specify only if the Cash Settlement Option pertains to one of the Parties.

³⁵ If no Partial Cash Settlement is specified, a Cash Settlement Option may be exercised only in whole.