



PRODUCER AGREEMENT

Contract Number: _____

“**Producer**”: _____

Address: _____

Phone: _____ or _____

Email: _____ @ _____

“**Property**”: Tax ID #/Parcel Number: _____

All Acreage in Parcel: Yes/No Initial # Acres Enrolled in Project: _____

“**Effective Date**”: _____

(Day Signed by Producer)

“**Term**”: Five (5) Program Years (subject to Section 4 below)

“**Producer Representative**”: _____

(Individual name if not provided above)

Contact Information: _____

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This **Producer Agreement** (this “**Agreement**”) is a legally binding agreement entered into by the **Ecosystem Services Market Consortium** (“**ESMC**”), a Virginia nonstock corporation, and the Producer identified above (the “**Producer**”) for participation in a program (the “**Program**”) designed to generate marketable environmental credits based on reductions in emissions or removal of carbon dioxide or other greenhouse gases (on a carbon dioxide equivalent basis, or “**CO₂e**”) from the atmosphere (“**Environmental Benefits**”), at the Property identified above and represented electronically in the Ecosystem Services Market Consortium’s Eco-Harvest Producer Portal (the “**Portal**”). This Agreement is subject to [General Terms and Conditions](#), the [Producer Privacy Policy](#) and the further requirements set forth below.

As further described in this Agreement, ESMC will undertake the administrative, logistical and regulatory measures intended to generate marketable environmental credits (“**Credits**”) on the basis of the Producer’s operational modifications that generate Environmental Benefits and the related data recorded



in the Portal, and Producer will undertake operational modifications for the purpose of generating Environmental Benefits and Credits to be sold pursuant to the Program and receive compensation as described in this Agreement.

ESMC and Producer therefore agree as follows:

1. **Purpose:** The purpose of the Program is to collect and analyze agronomic data related to the Property to assess and quantify the Environmental Benefits resulting from the implementation of agricultural management practices approved by ESMC. The Program will monetize the outcomes through the creation of Credits representing reportable “Scope 3” value chain impact units with respect to Environmental Benefits achieved under the Program (the “Credits”). Costs and revenues related to other types of credits or Environmental Benefits representing measured improvements in environmental impact (e.g., water use or water quality credits) are not intended to be addressed in the original form of this Agreement, but may be added to this Agreement by the parties in a written addendum agreed to by both parties.
2. **ESMC’s Responsibilities:** ESMC will perform some of its obligations under this Agreement through contractors, which will include an Implementation Partner working with the Producer to collect data relating to the Producer’s land management practices and site conditions. ESMC will analyze such data and additional data available from public sources or observations performed by contractors or ESMC personnel to evaluate the completeness and accuracy of the data and provide any necessary corrections. ESMC will then use the data to identify Environmental Benefits for purposes of generating Credits, and for the purpose of evaluating the opportunities for generating future credits under an addendum to this Agreement.
3. **Producer’s Responsibilities:** The Producer agrees to implement eligible agricultural management practices approved by ESMC and to use the Portal to accurately record data that documents Environmental Benefits associated with the Producer’s use of the Property. Producers will not pay to participate in the Program or be required to purchase any inputs to participate in the Program.
4. **Term:** The initial Term of this Agreement commences on the Effective Date of this Agreement and terminates on the later of March 1 of the sixth full calendar year following the Effective Date or the date on which the parties’ respective obligations hereunder have been completed, subject to automatic renewal for periods of five (5) years unless terminated as provided in the General Terms and Conditions. If the Producer has participated in ESMC’s pilot program, the initial five-year term will include the calendar years during which the Producer participated in the pilot program.
5. **Sale and Credits:** The data recorded by the Producer and obtained by ESMC from other sources regarding Environmental Benefits are expected to generate Credits. Credits generated from such data will



be deposited and maintained in an account that is managed by ESMC. ESMC will seek to arrange sales of Credits or license the rights to use Credits to third parties to effectuate the purposes of this Agreement, including providing compensation to the Producer.

6. **Compensation.**

(a) ESMC will seek to sell Credits on terms and conditions to be negotiated with third-party buyers of Credits. ESMC will not sell Credits at a price per Credit of less than \$15.00 (adjusted for inflation as provided in the General Terms and Conditions) without the prior written consent of the Producer. If ESMC is unable to sell Credits for \$15.00 or more per Credit (adjusted for inflation), ESMC will notify the Producer and seek Producer's consent to sell Credits generated from Producer's Environmental Benefits at prices that third parties have indicated they would be prepared to offer to buy Credits. ESMC cannot guarantee that Credits will be sold to third parties or that it will be able to sell Credits generated under this Agreement for a price at or above the minimum of \$15.00/Credit, adjusted for inflation.

(b) The proceeds of the sale of Credits shall be allocated five percent (5%) to ESMC and ninety-five percent (95%) to the Producer, after payment of any taxes on the sale or licensing of Credits as described in Section 11. ESMC's share of Credit sale proceeds will be used to pay Program costs or the costs of administering ESMC programs consistent with ESMC's charitable purposes and non-profit, tax-exempt status.

(c) ESMC expects to incur costs and expenses in the administration of the Program that will not be paid from ESMC's portion of the Credit sale proceeds described in Section 6(b). ESMC may receive from third parties or buyers of Credits cost recovery fees to cover ESMC's costs of performing its obligations under this Agreement, including program administration, the quantification, verification, and certification of Credits, coordinating soil sampling or arranging for the sale of Credits. Such reimbursements will not be deducted from or be considered part of the proceeds of Credit sales described in Section 6(b).

(d) ESMC will use reasonable commercial efforts to arrange for the sales of Credits generated by the Producer to third-party buyers on terms equivalent to sales of other credits generated by other producers. However, Producer acknowledges and agrees that third-party buyers will substantially control such purchases and sales, and that ESMC may not be able to control the terms upon which third-party buyers may or may not agree to purchase the Producer's Credits or other producers' credits. Although ESMC cannot guarantee any particular sales volumes or Credit prices, or that the Producer's Credits will be sold to third-party buyers, ESMC's member-based alliance and broad relationships with major buyers of environmental credits provide Producers with substantial opportunities to earn revenue in the Program.



7. **Representations of Producer.** The Producer understands that the Program and the value of Credits generated under the Program depend upon the integrity of the data and ESMC's ability to convert Environmental Benefits to Credits. Producer therefore confirms and represents to ESMC that the Producer is authorized to enter into this Agreement, owns or leases the Property for a term at least equal to the Term of this Agreement, and will provide complete and accurate information upon which Credits may be generated. Producer confirms that the Property is not subject to any agreement under another program that generates credits, offsets, assets, supply chain reporting, or claims related to soil carbon sequestration, changes in greenhouse gas emissions, improvements in water quality, and/or water use efficiencies that could result in double counting of the Credits or the Environmental Benefits upon which the Credits are or will be based.

8. **Producer Agreements:** Producer understands and acknowledges that participation in the Program requires compliance with ongoing requirements to enable ESMC to generate Credits and to sell them at favorable market values. Producer will fully cooperate with and allow ESMC representatives access to Producer's farm and records, as needed, to complete the verification audit of data or Credits, and consents to the collection of data regarding the Producer's operations from general observation, public sources or aerial surveys.

9. **Change of Ownership.** In the event that the Producer is the owner of the Property and intends to sell the Property, or is the tenant operator of the Property and expects to vacate the Property, Producer shall notify ESMC in writing of such changes at the Producer's earliest opportunity, and shall use reasonable commercial efforts to cause this Agreement to be assigned to and assumed by a subsequent owner or operator.

10. **Data Privacy:** The Producer authorizes ESMC to utilize a Producer's data for the generation of Credits and for the further development of the Program, the Portal, and associated technologies. Information that is personal to the Producer or identifies the Producer (such as e-mail address, data, and model results) is not sold or disclosed to third parties by ESMC, except when required to administer the Program or for other purposes described in ESMC's Producer Privacy Policy, which is available at this [location](#). ESMC requires all its contractors, suppliers and vendors to execute confidentiality agreements for the purpose of maintaining the security and confidentiality of such information.

11. **Taxes.** The Producer shall be responsible for the payment of any sales, use, value-added, or other taxes based on the transfer to ESMC of the right to use Environmental Benefits to generate Credits. ESMC shall be responsible for the payment from the proceeds of the sale of Credits of any such taxes due on the sale of Credits to third parties.

12. **Termination:** In the event of a material breach of this Agreement by either party, the other party may give notice to such breaching party of such breach. If the breaching party fails to cure such breach within thirty (30) days, the non-breaching party may terminate this Agreement by written notice. Any damages payable by either Party to the other Party for breach of this Agreement shall be limited to the



value of Credits generated from the Environmental Benefits that have been sold by ESMC to a buyer that is required to be paid by ESMC to the Producer, but that has not yet been paid.

13. **Indemnification.** Each party indemnifies and agrees to defend and hold harmless the other party from losses, costs, claims, expenses or damages to the extent arising from such party’s breach of any provision of this agreement or otherwise arising from the gross negligence or willful misconduct of such party.

14. **Disputes:** Any disputes arising under this Agreement will be resolved by the Parties directly in discussions involving the principals or, if not resolved informally, shall be submitted to mediation before a neutral third party in the relevant state where the Producer’s operations occur.

14. **Third-Party Beneficiaries:** No person other than a party to this Agreement may make any claim against either party based upon a breach of this Agreement by either party.

15. **General Terms and Conditions.** Nothing in this Agreement shall be interpreted to limit the applicability of the General Terms and Conditions. Additional rights and responsibilities of the parties under this Agreement, and important limitations on such rights and obligations, are set forth in the General Terms and Conditions.

* * * * *

Intending to be legally bound by this Agreement, including the General Terms and Conditions and ESMC policies incorporated into this Agreement, the respective parties have caused this Agreement to be signed by an authorized representative:

Ecosystem Services Market Consortium

Producer Named Above:

Debbie Reed, Executive Director

Name: _____

Title: _____