

APPENDIX 2

DEFINITIONS

Contract on subsidy for carbon capture, transport,
and storage

Danish Energy Agency

Carsten Niebuhrs Gade 43
DK-1577 Copenhagen V

Niels Bohrs Vej 8
DK-6700 Esbjerg

P: +45 3392 6700
E: ens@ens.dk

www.ens.dk

1. Introduction

This Appendix sets out definitions and abbreviations used in the Contract and its Appendices. All defined terms are written with an initial capital letter.

2. Definitions

1. Accredited EU ETS Third Party means an entity accredited under “Commission Implementing Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council” to provide written assurance of compliance.
2. Accredited Third Party means an entity accredited by an accreditation body to provide written assurance of compliance.
3. Activity means any type of action, task, performance, delivery, etc. or series of actions, tasks, performances, deliveries, etc. in the life cycle of the Contract.
4. Additional Quantity means the quantity of CO₂ > 400,000 tonnes CO₂ per year from year 2026 that the Operator is obliged to deliver in accordance with the Contract. (*only relevant, if the Operator has offered Additional Quantity*).
5. Annual Management Meetings means the meetings held annually at the DEA’s premises.
6. Appendix means an appendix to the Contract.
7. Audit means a systematic, independent, and documented process for obtaining evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled. Normally, the evidence gathering process is based on sampling.
8. Authority Approval Plan means the final version of the Operator’s authority approval plan.
9. BAFO means the Operator’s last Offer submitted to the DEA in the tender procedure that led to the award of the Contract to the Operator.
10. The Baseline Fossil (EUA) Fraction means the proportion of the Baseline Planned Quantity in a year which would have required EUA if not captured and

stored. The Baseline Fossil (EUA) Fraction is stated by the Operator in Appendix 7, sheet "Cost and earnings break-down".

11. Business Day means any Day excluding Saturdays, Sundays, Danish public holidays, 24 December, 31 December, and 5 June (Constitution Day).
12. Business Plan means the final version of the Operator's business plan.
13. Carbon capture means the activity of capturing CO₂ from gas streams that would otherwise be emitted.
14. Carbon capture and storage (CCS) means the process consisting of capturing CO₂, transport to a storage location, and permanent storage of the CO₂.
15. Carbon capture and utilisation (CCU) means the process of capturing CO₂ to be recycled for further use.
16. CCS Activities means the collective Activities performed by the CCS Value Chain.
17. CCS Directive means directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 with subsequent amendments.
18. Commercial Operation Date (COD) means the date when the Operator shall commence the operation of the full Value Chain. If the Operator's performance of the Contract is based on more than one carbon capture plant, operation of the full Value Chain (i.e. COD) encompasses operation of all carbon capture plants.
19. Construction Interface Procedure means the final version of the Operator's construction interface procedure.
20. Construction Phase means the phase encompassing, among other activities, the Operator's completion of the construction of the carbon capture plant(s) and other assets required for the performance of the CCS Activities. Hence, the Construction Phase lasts until the Commercial Operation Date.
21. Contract means this Contract between the Parties on carbon capture, transportation, and storage, including the Appendices, with any changes made

in accordance with the change management procedure in Appendix 10, Change management.

22. Contract Administrator means the person from each Party who reports, reviews, and interacts with the other Party with respect to the performance of the Contract.
23. Contract Owner means the person from each Party who is responsible for the Contract and has the mandate to make decisions and approvals.
24. Contract Signing means the date on which the Parties signed the Contract.
25. Contracted Quantity means the quantity that the Operator is obliged to deliver in accordance with the Contract, i.e., the Ramp-up Quantity, if any, the Minimum Quantity and the Additional Quantity, if any. The Contracted Quantity for a given year means the total quantity that the Operator is obliged to deliver in a given year specified for each year in Appendix 7, sheet "Contracted Quantity".
26. Contracting Period means the duration of the Contract.
27. CCUS Community means the national and international organizations, companies, and other entities with a professional interest in the carbon capture utilisation and storage development and adaptation. For the avoidance of doubt, the CCUS Community shall also include the DEA.
28. Day means calendar day.
29. DEA means the Danish Energy Agency.
30. DEA's Requirements mean the Contract excluding appendices, Appendix 2 (Definitions), Appendix 3 (Requirements specification), Appendix 5 (Master Milestone Plan) excluding the parts provided / completed by the Operator, Appendix 6 (Subsidy and economy scheme), Appendix 7 (Subsidy and costs) excluding the parts provided / completed by the Operator, Appendix 8 (Governance), Appendix 9 (Code of conduct), Appendix 10 (Change management), Appendix 11 (Model performance and warranty guarantee), Appendix 12 (Model parent company guarantee) and Appendix 13 (Information about Sub-Suppliers) excluding the parts provided / completed by the Operator.

31. Delay means the non-performance of the Operator of its obligations within the Milestone, or any other time constraint set out in the Contract (with the exceptions set out in clause 6.2 of the Contract).
32. Deliverables means the various documentation, reporting, information, knowledge, data, etc. that the Operator has provided as part of the BAFO or which the Operator shall provide and make available to the DEA subject to the Contract and the Appendices, including but not limited to clause 7 of the Contract.
33. Delivered Quantity means the Quantity of CO₂ permanently stored in accordance with the requirements in Appendix 3, Requirements specification, in a given period.
34. Denmark's National Inventory Report means the submission to the United Nations Framework Convention on Climate Change. The structure of the report is in accordance with the UNFCCC reporting guidelines (UNFCCC, 2013).
35. Draft Authority Approval Plan means the draft authority approval plan included in the Operator's BAFO.
36. Draft Business Plan means the draft business plan included in the Operator's BAFO.
37. Draft CO₂ Origin Verification Plan means the draft CO₂ origin verification plan included in the Operator's BAFO.
38. Draft Construction Interface Procedure means the draft construction interface procedure included in the Operator's BAFO.
39. Draft Detailed Milestone Plan means the Draft Detailed Milestone Plan included in the Operator's BAFO.
40. Draft Financing Plan means the draft financing plan included in the Operator's BAFO.
41. Draft Knowledge Sharing Plan means the draft knowledge sharing plan included in the Operator's BAFO.
42. Draft Master Milestone Plan means the Draft Master Milestone plan included in the Operator's BAFO.

43. Draft Milestone Plans means the Draft Master Milestone Plan and the Draft Detailed Milestone Plan.
44. Draft of Public Engagement Plan means the draft public engagement plan included in the Operator's BAFO.
45. Draft QHSE Plan means the draft QHSE plan included in the Operator's BAFO.
46. Draft Risk Management Plan means the draft risk management plan included in the Operator's BAFO.
47. Draft Technical Design means the draft technical design included in the Operator's BAFO.
48. Draft Test and Commissioning Plan means the test and commissioning plan included in the Operator's BAFO.
49. External Engagement Meetings means the meetings held bi-annually (i.e. twice a year) before and after COD until 2030, at the DEA's premises.
50. Financing Plan means the final version of the Operator's financing plan.
51. Financial Report of the CCS Activities means the Operator's audited financial report concerning the CCS Activities, cf. R-8, Appendix 3, Requirements specification.
52. Financial Report means the Operator's annual financial report, cf. R-9, Appendix 3, Requirements specification.
53. Force Majeure means an event as defined in the clause 18 of the Contract.
54. Fraction means the percentage (between 0% and 100%) of the total CO₂ quantity subject to the EU ETS.
55. Guarantor means an independent entity domiciled in the EU / EEA and governed by public regulation applicable for financial institutions (banks or credit insurance companies) and is under the supervision of a governmental institution.

56. Indicative Offer means an indicative Offer submitted by the Operator to the DEA during the tender procedure that led to the award of the Contract to the Operator.
57. Information Security Management System (ISMS) means the Operator's set of policies and procedures for systematically managing the Operator's organization's sensitive data based on the ISO 27001 standard or equivalent standard.
58. Inspections means the process of recording, monitoring, checking, reviewing, assessing, and inspecting the construction site.
59. Intellectual Property Rights means copyrights and related rights, including rights in databases, patents, utility models, trademarks, service marks, trade names, topography rights, design rights, domain names, rights under the Danish Marketing Practices Act (*In Danish: Markedsføringsloven*) and all applications or pending applications for all the mentioned rights in all cases, whether or not registerable in any country, and all rights and forms of protection of a similar nature or having equivalent or similar effect anywhere.
60. Knowledge Sharing Plan means the final version of the Operator's knowledge sharing plan.
61. Liability Cap means the limitation of the liability of the Parties as further described in clause 16.4 of the Contract (which also sets out the exclusions from the cap).
62. Master Milestone Plan means the final version of the Operator's Milestone plan.
63. Milestone means a specific significant point in the programme or project's life cycle, which is used to measure the Operator's progress towards the finalization of the Pre-construction and Construction Phases. A Milestone is either a Programme Milestone or Project Milestone, unless otherwise specified.
64. Minimum Quantity means the delivery of 400,000 tonnes CO₂ per year from year 2026 until end of Contract.
65. Minute-taker means the person who is responsible for documenting the participants of each meeting, the content of the meeting, and especially the decisions made during the meeting.

66. Offer means an offer submitted by the Operator to the DEA during the tender procedure that led to the award of the Contract to the Operator.
67. Operation & Maintenance Phase means the phase initiated upon the Commercial Operation Date of the full Value Chain, cf. Programme Milestone 3.1, Appendix 5, Master Milestone Plan and encompassing, in particular, the Operator's achievement of the CO₂ reductions as required in the Contract. The Operation & Maintenance Phase lasts until end of Contract.
68. Operator means the entity which has entered into the Contract with the DEA or, if the Contract has been transferred in accordance with clause 13.1 of the Contract, the entity to which the Contract has been transferred.
69. Operator's Solution means the Operator's BAFO and any document provided by the Operator to the DEA after entry into force of the Contract.
70. Operator's Solution Description means the Operator's solution description submitted as part of the BAFO in Appendix 4 including sub-appendices to Appendix 4.
71. Parent Company Guarantee means a parent company guarantee as described in clause 8.3 of the Contract.
72. Parties mean both the Operator and the DEA.
73. Party means either the Operator or the DEA.
74. Penalty / Penalties means an amount to be paid by the Operator to the DEA under the conditions stipulated in the Contract, notwithstanding whether or not the DEA can demonstrate a loss.
75. Performance and Warranty Guarantee means a guarantee as described in clause 8.2 of the Contract.
76. Pre-Construction Phase means the phase encompassing, among other activities, the Operator's obtaining of permits, approvals, etc. necessary for the construction of the carbon capture plant(s) and other assets required for the performance of the CCS Activities.
77. Project Description means the DEA's project description described in Appendix 3, Requirements specification.

78. Project Milestone means a certain point in the Master Milestone Plan in Appendix 5, Master Milestone Plan, marking an important achievement or the completion of a major phase in the project (e.g., all building permits, approvals and certificates are submitted).
79. Programme Milestone means a certain point in the Master Milestone Plan in Appendix 5, Master Milestone Plan, marking an important achievement or the completion of a major phase in the programme (e.g., all permits, approvals, and certificates are submitted).
80. Public Engagement Plan means the final version of the Operator's public engagement plan.
81. QHSE Plan means the final version of the Operator's QHSE plan.
82. Quarterly Meetings means the meetings held every quarter at the DEA's premises.
83. Ramp-up Quantity means the quantity of CO₂ that the Contractor is obliged to deliver, i.e. capture and permanently store, from start of operation and until 31 December 2025 in accordance with the Contract (*only relevant, if the Operator has offered Ramp-up Quantity*)
84. Reporting period means the calendar year during which emissions must be monitored and reported.
85. Risk Management Plan means the final version of the Operator's risk management plan.
86. Stakeholder means an entity which is defined as part of the CCUS Community.
87. Sub-Supplier means an entity contributing to the Operator's performance of the Contract. The meaning of the term "Sub-Supplier" shall be fully interchangeable with the word "sub-contractor".
88. Subsidy / Subsidies means the subsidies that the Operator may become entitled to under the Contract.
89. Technical Design means the final version of the Operator's technical design.
90. Test and Commissioning Plan means the final version of the Operator's test and commissioning plan.

91. Timing means the date of the Programme or Project Milestones' completion in the format DD.MM.YYYY.
92. Ultimate Parent Company means an entity that is not itself controlled by another entity of the group of controlled entities of which the Operator is part. Control is presumed to exist when an entity (i) owns, directly, or indirectly through other entities, more than half of the voting power of an entity, or (ii) has the power of more than half of the voting rights of an entity by virtue of ownership and/or an agreement with one or more shareholders. In this definition a reference to an "entity" shall be construed as a reference to any private or public legal person, not being a natural person, including, but not limited to, any company, corporation, partnership, firm and unincorporated association. If the Operator is a consortium or other form of association of entities, "Operator" shall mean each entity that is a member of the consortium or association. Regardless of the above, the Danish state, including Danish state authorities shall in no instance be regarded as the Ultimate Parent Company. If the Operator is ultimately controlled by the Danish state, the Ultimate Parent Company shall be deemed to be the entity directly controlled by the Danish state.
93. Value Chain means the full range of Activities needed to capture, transport, and permanently store CO₂.
94. Verification means the composition of a systematic approach towards concluding whether a system (tangible or not) complies with and lives up to pre-established requirements and/or standards.

3. Abbreviations

BAFO = Best and Final Offer

CAPEX = Capital expenses

CCS = Carbon Capture and Storage

CCUS = Carbon Capture Utilization and Storage

DEA = Danish Energy Agency

EU = European Union

EU ETS = EU's Emission Trading System

EUA = European Emission Allowance

INDO = Indicative Offer

ISMS = Information Security Management System

MT = Million Tonnes

MTA = Million Tonnes Annually

OPEX = Operating expenses

QHSE = Quality, Health, Safety, and Environment

T = Tonnes