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## MBK Carbon Credit Legal Structure & Governance Summary

### Prepared for Institutional Investors and FPA Purchasers

MBK International Services Inc. has established a strong legal and governance framework to ensure the integrity, enforceability, and transparency of its engineered biochar carbon credit offerings. This framework supports participation in both voluntary and regulated markets, fostering confidence among corporate buyers, exchanges, and financial institutions.

### 1. Contractual Framework: Forward Purchase Agreement (FPA)

All MBK carbon removal credits are governed under a standardized Forward Purchase Agreement (FPA) tailored for large-volume offtake and institutional credit buyers. The FPA outlines:

- **Volume Commitments:** Fixed or tranche-based deliveries, starting from 100,000 tCO<sub>2</sub>e per annum
- **Pricing Structure:** Forward-based pricing with optional vintage differentiation and multi-year terms
- **Co-Benefits Clause:** Includes ESG alignment, SDG traceability, and carbon permanence
- **Verification Prerequisites:** Credits are delivered only after third-party audit and registry validation

### 2. Legal Jurisdiction & Enforceability

- **Jurisdiction:** State of Texas, USA
- **Dispute Resolution:** Binding arbitration under AAA Commercial Rules, venue in Houston, TX
- **Governing Law:** Texas and applicable U.S. federal environmental frameworks

### 3. Registry and Verification Conditions

MBK credits are issued through internationally recognized registries including Verra (VM0044), Puro.Earth, and Gold Standard, ensuring:

- Full traceability of credit issuance
- Pre-registration eligibility for multi-stack certification
- Conformance to best-practice methodologies for biochar permanence and MRV

## 4. Delivery & Audit Requirements

Each credit batch goes through a complete verification cycle before transfer, which includes:

- Third-party audits by accredited verifiers (e.g., DNV, SCS Global Services)
- Blockchain-anchored MRV documentation, geotagged and timestamped
- Registry onboarding (buyer account or managed retirement)

MBK does not provide unverifiable or pre-issuance credits.

## 5. Transferability & Resale Rights

- Credits may be transferred to other voluntary buyers or exchanges.
- Prior notification to MBK is required for registry changeovers (for audit and tracking).
- MBK retains no claim or commercial rights post-transfer unless stipulated in the contract.

## 6. Payment Structure with Risk Safeguards

Milestone-based disbursement model:

1. **Initial Deposit:** To secure production allocation (5–10%)
2. **Commissioning Milestone:** Payment aligned to verified system deployment (20–30%)
3. **Delivery Verification:** Final tranche (45–60%) due upon credit issuance to registry

This model aligns financial risk with technical and operational execution.

## 7. IP & Data Protection

While the core MRV architecture is presented at a high level (e.g., IBM Hyperledger integration), detailed system code, proprietary algorithms, and source data remain confidential and are safeguarded by a non-disclosure agreement (NDA).