

SCHEDULE 2

PROJECT PERFORMANCE SECURITY (BANK GUARANTEE)¹²

[Bank Letterhead]

Beneficiary:

South Punjab Forest Company

[Concessioning Authority/Beneficiary Address]

[Place and Date]

Dear Sirs,

1. We refer to the concession agreement dated [date of execution] (the “**Concession Agreement**”) by and among the (i) Government of Punjab (the “**Provincial Government**”), and (ii) the South Punjab Forest Company (“**SPFC**” or the “**Beneficiary**”), organised and existing under the laws of Pakistan having its headquarters at [•], and (iii) [Concessionaire name], a company incorporated under the laws of [place of incorporation], with its principal office located at [location of principal office] (the “**Principal**”) in connection with the designing, engineering, undertaking, developing and procurement of relevant materials for development of afforestation Project in _____, South Punjab, Pakistan (the “**Project**”) for an agreed payment (in form of Forest Timber/Produce) equivalent of Pak Rupees [Amount in numbers] (PKR [amount in words]) (or as adjusted pursuant to the terms of the Concession Agreement, the “**Agreement Price**”).
2. We have been informed that the Principal is the contractor under the Concession Agreement, which requires it to obtain a performance bond to secure the performance of its obligations under the Concession Agreement.
3. At the request of the Principal, we the undersigned bank, [name] (the “**Bank**”), a bank organised under the laws of [country of incorporation], with registered office at [registered office] hereby irrevocably and unconditionally undertake to pay the Beneficiary, as primary obligor and not as surety, any sum or sums not exceeding in total the amount of PKR [amount] (Pak Rupees [insert amount] only) (the “**Guaranteed Amount**”), representing (•) percent (•) of the Agreement Price, wholly or partially, forthwith, upon receipt by the Bank from Beneficiary (or any person to which Beneficiary has assigned the benefit of this on-demand performance bond) first demand in writing, and pursuant to one or more demands (provided that such demands and any prior demands do not in the aggregate exceed the Guaranteed Amount) specifying the particular ground for drawdown as provided in this Bank Guarantee, without any further proof or documents and notwithstanding any objection by the Principal or by any other party of whatever capacity and without being entitled to enquire whether or not such payment is

¹ To be revised based on lenders and the issuing bank’s comments.

² To be renewed annually.

lawfully due and payable by the Principal.

4. This on-demand performance bond shall be valid from its issuance and remain valid until the Expiry Date (as defined herein).
5. Any payment under this on-demand performance bond shall be made in Pak Rupees and shall be free of any set-off, counterclaim, taxes, deduction, withholding interest or charges whatsoever. Such demand must be received by the Bank on or before the [•] (as extended pursuant to the terms hereof, the “**Expiry Date**”), when this on-demand performance bond shall expire, it shall be returned to the Bank.
6. The Bank undertakes to immediately pay the Beneficiary the Guaranteed Amount, without any further proof or documents and notwithstanding any objection by the Principal or by any other party of whatever capacity and without being entitled to enquire whether or not the Principal has become entitled to receive the Notice to Commence or has cured its default under the Concession Agreement, upon receipt by Bank of demand in writing by the Beneficiary and a written statement of Beneficiary that:
 - a. the Notice to Commence has not been issued by the Beneficiary to the Principal; or
 - b. the Principal has defaulted under the Concession Agreement which has triggered a Concessionaire Event of Default.
7. Any demand made by the Beneficiary under this on-demand performance bond shall be given in writing, purportedly signed by a duly authorised officer of the Beneficiary and sent by express courier or by hand addressed to our registered office along with a copy of this on-demand performance bond.
8. The Beneficiary may assign or otherwise transfer, with notice to the Bank in writing, without our prior written consent the whole or any part of its benefit and interest in, to their permitted assigns or successors-in-interest.
9. The Bank shall not in any way be released or discharged from any liability under this on-demand performance bond by any invalidity, illegality or unenforceability of the Concession Agreement nor by any alteration, amendment or variation in the terms of the Concession Agreement nor by any allowance of time by the Beneficiary under the Concession Agreement nor by any forbearance or forgiveness or indulgence in respect of any matter or thing concerning the Concession Agreement on the part of the Beneficiary nor by the insolvency, bankruptcy, winding up or reorganisation of the Principal or the Beneficiary (or any analogous event or the exercise of any power of disclaimer arising in such circumstances) nor by any dispute or disagreement whatsoever between the Beneficiary and the Principal or the Provincial Government and the Principal under or in relation to the Concession Agreement.
10. If at any time any one or more of the provisions of this on-demand performance bond is or becomes illegal, invalid or otherwise unenforceable, in any respect neither the legality, validity or enforceability of the remaining provisions of this on-demand performance bond, nor the legality, validity or enforceability of such provision, under the law shall in any way be affected or impaired as a result.

11. This on-demand performance bond is subject to the Uniform Rules for Demand Guarantees, ICC Publication No.758.
12. This on-demand performance bond and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the laws of Pakistan. The parties irrevocably agree that the courts of Pakistan shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this on-demand performance bond or its subject matter or formation (including non-contractual disputes or claims).
13. Except as expressly provided in this on-demand performance bond, nothing in this on-demand performance bond confers or purports to confer on any third party any benefit or any right to enforce any term of this on-demand performance bond.

IN WITNESS WHEREOF, this on-demand performance bond has been executed on the date first above written.

Signed by *[Name of Bank]* acting by *[Name of Authorized Signatory]* [and *[Name of Authorized Signatory]*]

.....

Authorized signatory

.....

[Authorized signatory]

In The Presence Of:

(Signature Of Witness)

(Name Of Witness):