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**LETTER OF UNDERSTANDING**

This Letter of Understanding (“LoU”) is a unilateral statement by one party that implies that certain steps have been agreed between the parties.

If several parties (more than two) are involved in the delivery of the project, or if it is considered necessary that all parties express their intention to move forward with the project and enter into binding agreements (by signature), the template for the Letter of Intent (“LoI”) should be applied.

Please note that the LoU does not include provisions on exclusivity and term/termination as the LoU is unilateral and generally meant to be used in the initial phase of the project.

***Important Information***

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[INSERT LETTERHEAD OF COMPANY][[1]](#endnote-1)

¦[Name of company]**|**

¦[Address]|

¦[City]|

[Country]

[Business Registration No.]

[Attn.: [●]]

Dear [●]

# Co-operation in relation to [●]

The purpose of this Letter of Understanding (“LoU”) is to confirm our understanding of the discussions that we have had so far in relation to [insert description of the project] (the “Project”).

The aim of this LoU is to serve as a basis for further discussions that will allow us to collaborate and enter into binding agreements for the delivery of [insert description of likely deliverables] to [customer].

We appreciate that this LoU shall not create any obligations that are legally binding upon any of us, expressed or implied, expect for the provisions on confidentiality. We also appreciate that this LoU is a summary of our understanding of our discussions so far and we do not pretend that you have agreed to all of the below mentioned points. Therefore, please do consider this LoU to be an outline for further discussions.

# Contributions

As discussed, we will contribute with the following contributions to the Project at this stage:

* [Include description of key areas of expertise and outline relevant tasks]

We understand that your contributions to the Project at this stage will include:

* [Include description of key areas of expertise and outline relevant tasks]

Both parties shall dedicate such time and effort to the Project that is reasonably necessary to ensure that the above steps are achieved.

In order to ensure our line of communication, each party will appoint a key contact person that is responsible for the communication between us during the initial phase of the Project.

# Definitive agreements

As soon as practically possible, we shall enter into good faith negotiations with a view to enter into customary binding agreements in relation to the Project. [[2]](#endnote-2)

# Confidentiality

Prior to this LoU, we have signed a separate Non-Disclosure Agreement dated [●] (the “NDA”). The confidentiality obligations that are set out in the NDA shall also apply to this LoU and any Confidential Information (as defined) that are exchanged between us going forward[[3]](#endnote-3).

**[**Alternatively: Except as required by law, each party agrees that it shall not disclose any Confidential Information to any third party except its advisors who are bound by a duty of confidentiality and that it shall not use any Confidential Information other than in connection with its evaluation of the Project. For the purpose hereof, "Confidential Information" means any information about the other party provided hereunder, and the LoU except information which: (i) is generally available to or known by the public other than as a result of improper disclosure by a party, or (ii) is obtained by a party from a source other than the other party, provided that such source was not bound by a duty of confidentiality to the other party with respect to such information.**]**

# Costs

Except as set out in any binding agreements, each party shall bear its own costs and expenses, including, but not limited to, legal and professional fees.

# Governing law

This LoU and any dispute or claim arising out of or in connection with this LoU, shall be governed by and construed in accordance with the laws of Denmark.

Any dispute in connection with this LoU shall be finally settled by arbitration in accordance with the rules of the Danish Institute of Arbitration (Danish Arbitration). The arbitration procedure shall take place in [●] and shall be carried out in the [English] language. The proceedings and any award shall be kept confidential.

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[If the LoU sets forth the terms of the proposed collaboration between us in relation to the initial phase of the Project in a manner consistent with your understanding, kindly please confirm this by signing and returning a copy of this LoU.][[4]](#endnote-4)

Yours sincerely,

[Name]

[Title]

# References

1. This Letter of Understanding (“LoU”) is a unilateral statement by one party that implies that certain steps have been agreed between the parties.

   If several parties (more than two) are involved in the delivery of the project, or if it is considered necessary that all parties express their intention to move forward with the project and enter into binding agreements (by signature), the template for the Letter of Intent (“LoI”) should be applied.

   Please note that the LoU does not include provisions on exclusivity and term/termination as the LoU is unilateral and generally meant to be used in the very initial phase of the project. [↑](#endnote-ref-1)
2. If relevant, further information on specific agreements to be entered into by the parties may be included. [↑](#endnote-ref-2)
3. If the parties have not entered into the Non-Disclosure Agreement, separate provisions on “confidentiality” should be included. It should be agreed that provisions on “confidentiality” are binding and enforceable between the parties. [↑](#endnote-ref-3)
4. As mentioned above, the LoU is unilateral and summarises the understanding of one of the parties. However, it may be considered to request the other party to sign and return a copy of the LoU. [↑](#endnote-ref-4)