

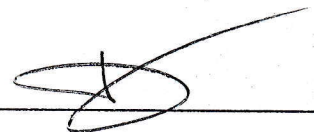
BLOQUIAH AUTHORIZED COMMUNITY FOREST

THIRD PARTY AGREEMENT

WITH

MASAYAHA LIMITED LIABILITY COMPANY

Signed November 10, 2021

A handwritten signature in black ink, consisting of a stylized, cursive script that is difficult to decipher. It appears to be a personal signature, possibly of a representative of the community forest or the company.

COMMERCIAL USE CONTRACT

This Medium Scale Commercial Use Contract (the "Agreement") is made and entered into by and between:

- 1) The People of Bloquia Authorised Forest Community, Gboe Chiefdom, Grand Gedeh County (herein referred to as the "Community"), represented by its Community Forest Management Body (herein referred to as the "CFMB") by and through Mr. Sampson Zammie, Chief Officer;

AND

- 2) Masayaha Limited Liability Company, a third-party legal person, (herein referred to as the "Company") duly registered and operating under the laws of the Republic of Liberia, whose principal place of business is at Randall Street, Montserrado County, Republic of Liberia, represented by its Managing Partner, Mr. Ali Harkous.

WITNESSETH

WHEREAS:

1. CONTEXT

1.1. The people of People of Bloquia Authorised Forest Community are the owners of the Bloquia Community Forest and have the right to access, manage, use and benefit from that Community Forest in Grand Gedeh County. The Community Forest Management Agreement ("CFMA") concluded by the Community with the Government of Liberia, by and through the Forestry Development Authority (FDA) provides for the sustainable management and use of the Community Forest resources in line with the Forestry Laws and in order to meet the needs of the present community members without compromising the ability of future generations to meet their own needs;

1.2. The CFMB, as the body authorized to negotiate and sign commercial use contracts entered into a Third-Party Forest Management Agreement with A&M Enterprise Inc, who later assigned operational rights to Liberia Hardwood Company, however the Third-Party Agreement was not fully executed by Liberia Hardwood leading to the Cancellation of the assignment of rights and the A&M Enterprises subsequent relinquishment of all interest in the community forest;

1.3. The CFMB, duly consulted the General Assembly and Executive Committee of the Community consistent the constitution and by-laws of the Community, and is willing to enter into a commercial use contract with the Company.

employment to be derived by the Community from sustainable commercial logging in its forest, the CFMB has agreed to execute this Agreement with the Company under the terms and conditions as set forth below and subject to the review and approval of the FDA and consistent with the (2017) amended Regulation to the Community Rights Law with respect to Forest Lands ("CRL").

NOW THEREFORE, in consideration of the covenants, agreements and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby covenant, contract and agree as follows:

2. INTERPRETATION AND ADDITIONAL DETAIL IN ANNEX A

- 2.1. This Agreement shall be interpreted in line with the CRL (2009), the NFRL (2006) and their implementing regulations as well as other relevant laws and regulations.
- 2.2. Provisions included in this Agreement are completed by detailed terms and conditions included in Annex A hereof and which form an integral part of this Agreement.
- 2.3. Where the FDA fixes additional or stricter conditions in the Guidelines for Community Forest Management Planning or in other regulatory documents, those will apply in addition to or instead of any provision in this Agreement.

3. RIGHT TO EXTRACT/SELL LOGS:

- 3.1. That in consideration of the payments, benefits and other stipulations and covenants hereinafter to be paid, performed and kept by the Company, the Community, represented by the CFMB, hereby grants the Company the right to enter into, harvest, extract, and sell wood products from merchantable species of trees in 43,794 ha of the Bloquia Authorized Community Forest.
- 3.2. A map depicting the metes and bounds of the agreed area of Community Forest set aside for commercial timber harvesting under this Agreement is incorporated as Annex B to form a part of this Agreement.

4. TERM CERTAIN

- 4.1. The term of this Agreement, that is the period within which the Company shall have the right to enter into, harvest, extract and sell logs from the Community Forest shall cover the remaining period of the CFMA; 4 years 10 months, commencing from the 8th day of November, A.D., 2021, up to and including the 15th day of August, A.D., 2026.
- 4.2. It is mutually agreed that this Agreement shall be subject to periodic review by the Parties hereto during the life of the Agreement. If the company accept the agreed optional period, Reviews shall be scheduled every five years, commencing from the signing of this Agreement.

- 4.4. The Parties agreed that the Company has the first option to manage the community forest for an additional 10 years after the expiration of the Term certain granted in section 4.1.
- 4.5. No renewal can be negotiated if the renewal period is not covered by a valid CFMA. The renewal will be again subject to the approval of the FDA.

5. PAYMENTS AND PAYMENT TERMS

- 5.1. **Land Rental fees:** The Company shall pay 55% of the total USD \$1.25/ha land rental fee, amounting to a total of USD \$30,108.35 per year for the entire area directly to the Community.
- 5.2. **Cubic meter fees:** The Company shall, biannually (at most April 30th and October 31st), pay USD \$2.00 per cubic meter of logs harvested as reflected in the tree data forms and the production record, regardless of whether or not the logs are subsequently transported and sold. For the payment of the cubic meter fees, the amount of cubic meter per log will be determined using the formula included in Annex C to this Agreement.
- 5.3. **Monitoring and protection payments:** The Company will transfer USD \$1,000.00 per quarter to the Community to enable the employment of community Forest Guards in support of the implementation of this Agreement. The CFMB shall be responsible for the recruitment and employment of these community Forest Guards.
- 5.4. **Human resource training and development:** The Company agrees to transfer USD \$ 5,000.00 to support education of school and college students from the Community on a yearly basis on or before the 31st day of December.

6. LOCAL EMPLOYMENT AND TRAINING

- 6.1. The company agrees to give first preference for employment in skilled and unskilled job opportunities and a representation in middle management to residents of the Community.
- 6.2. The company shall afford equal opportunities for employment to women.
- 6.3. The Company shall respect the rights of its employees consistent with the Decent Work Act (2015) and other labour laws of Liberia, especially in relation to minimum wage, workers' health and safety and paid leave. Employees who suffer occupational illness, injuries or disability shall receive adequate compensation as defined in the Decent Work Act.
- 6.4. The Company shall respect the health and safety requirements included in the Code of Harvesting Practices.
- 6.5. The Company agrees to provide, on a continuing basis, adequate training in order to qualify members of the Community for skilled, technical, administrative and managerial positions.

7. ROADS AND COMMUNITY INFRASTRUCTURE

	town to Pennewen town /Road from Gbawood Town to Chayee town	January 2022	November 2022
2	Road from Darlue Town to Zammie And Zarzar Town.	November 2022	April 2023

7.2. The Company agrees to maintain all roads in the area covered by this Agreement and to allow the community to use, free of charge, any roads constructed and/or maintained by it. The Company shall make sure that roads remain in passable condition for other vehicles to be able to safely use.

7.3. The Company agrees to build the following community infrastructure:

	Location:	Starting date:	Completion date:	Estimated total cost
Hand pumps				
1	One Hand Pump Chayee Town	March 22, 2022	December 2022	US\$ 1,500.00
2	One Hand Pump Darlue Town	March 22, 2022	December 2022	US\$ 1,500.00
3	One Hand Pump Zammie Town	March 22, 2022	December 2022	US\$ 1,500.00
4	One Hand Pump Zarzar Town	March 22, 2022	December 2022	US\$ 1,500.00
5	One Hand Pump Gbowe Geenwon	March 22, 2023	December 2023	US\$ 1,500.00
6	One Hand Pump Zean Town	March 22, 2023	December 2023	US\$ 1,500.00
7	One Hand Pump Pennewen	March 22, 2023	December 2023	US\$ 1,500.00
8	One Hand Pump Gbarwood town	March 22, 2023	December 2023	US\$ 1,500.00
9	One Hand Pump Zegbar Town	March 22, 2023	December 2023	US\$ 1,500.00
10	One Hand Pump Gbayear Town	March 22, 2023	December 2023	US\$ 1,500.00

1	One Five rooms Clinic	January 2023	January 2025	US \$15,000.00
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- 7.4. The Community shall allocate the required land to build the above-mentioned community infrastructure. The Company shall be responsible for furnishing the above-mentioned community infrastructure. Furnishing shall include chairs, tables and at least two solar panels for electrifying the school Office only. All chairs and tables shall be produced locally. The Community is responsible for the maintenance and staffing of all community infrastructure build by the Company for as far as the Government of Liberia does not provide staffing and/or maintenance.
- 7.5. Where needed, additional roads and bridges as well as community infrastructure to be built will be agreed upon as part of the 5-year review and planning process. All infrastructure referenced under this clause is additional to the payments provided for under clause 5. Land rental fees, cubic meter fees and other payments as provided for in this Agreement cannot be used by the Company to finance infrastructure provided for under this clause 7.

8. SUSTAINABILITY

- 8.1. By entering into this Agreement with the CFMB, the Company will assume the responsibility to sustainably manage the areas of the Community Forest subject to this Agreement and in accordance with the Community Forest Management Plan, Code of Harvesting Practices and relevant laws and regulations.
- 8.2. No hunting is allowed by any of the Company's employees who are not members of the Community. The Company will also forbid all its employees (whether or not member of the Community) from hunting protected animals and shall equally forbid hunting in river buffer zones.
- 8.3. The Company agrees to support the Community to establish and maintain a tree nursery of indigenous and commercially valuable tree species. The Company therefore give the Community US\$3,000.00 annually for these operations. For nursery operations, the Company shall provide at least three thousand seedings bags annually in addition to the amount mentioned herein.

9. REQUIREMENTS BEFORE COMMERCIAL FELLING

Before commercial harvesting takes place, the Company shall make sure that the following requirements are met:

- A. The Company has transferred the first payment of land rental fees and monitoring and protection payments as provided under clause 5 of the

- D. The Company, with the participation of FDA and the Community, has conducted an Environmental Impact Assessment (EIA); and
- E. The Company obtained a written notice to proceed from the FDA confirming that harvesting of timber for commercial purposes is permitted.

10. OTHER OBLIGATIONS OF THE PARTIES:

10.1. Community's obligations: The Community and its representative CFMB:

- a) shall fulfil all legally-required pre-conditions to concluding this Agreement, as per the CRL and all other relevant laws and regulations;
- b) shall provide a list of CFMB members to the Company. The Executive Committee, upon the instructions from the Community Assembly, will communicate any change of membership of the CFMB in writing to the Company;
- c) agree not to engage in the felling or damaging of marketable tree species and agree not to clear land for farming in areas designated for commercial timber exploitation under this Agreement;
- d) agree to provide a peaceful working relationship between the Community and the Company and will not use violence nor cause damage to interrupt the lawful operation of the Company. The Community agrees that any unwarranted interruption of the Company's operation would result to damages for production days lost will reimbursed.
- e) agree to inform the Company of all relevant cultural norms and practices currently practiced by the Community to ensure compliance;
- f) shall represent and warrant that the CFMB has the legal authority to execute this Agreement, on the Community's behalf; and
- g) shall represent and warrant that there is no pending administrative or civil litigation involving the Community, nor any demands or claims that would materially and adversely affect the Company's rights under this Agreement.
- h) The Community agrees for the Company to select sites near existing towns (or suitable designated areas) to build its camps.
- i) The Community will be financially responsible to reimburse the Company in case of illegal logging (Pit Sawing) happening with the consent of Community during the duration of this contract

10.2. Company's Obligations: The Company:

- j) shall be responsible for complying with Chain of Custody and Legality Assurance System requirements under the Voluntary Partnership Agreement between Liberia and the European Union, when and where applicable;
- k) shall post an annual performance bond totalling the cost of one year of all payments provided for in this Agreement;
- l) will take reasonable and proper care in carrying out its activities and shall avoid deliberately or negligently causing damage;
- m) shall ensure that timber operations will not result in any

Chain of Custody tracking number at the end of each month. Details provided in the production record shall be consistent with data recorded in the tree data forms;

- p) agrees to provide transportation to the Communities during medical emergencies and natural disasters. Where possible the Company shall endeavour to also provide rescue shelters. The Company shall not be liable legally and/or financially for any damage or accident occurring during the performance duties of this clause.

11. PLANNING, MONITORING AND IMPLEMENTATION

11.1. The Company shall develop and submit the following planning documents:

- q) A strategic forest management plan
- r) 5-year operational plan
- s) Annual operational plan

11.2. The CFMB shall employ community Forest Guards to monitor all field activities of the Company and to raise awareness and report any illegal pit/chain sawing, fires or other activities causing damage to timber trees. At the end of each month the community Forest Guards, and the Company will co-sign the production record mentioned in 10.2(f) above.

11.3. The Company shall convene and finance an inception meeting no later than two months after the signature of this Agreement.

11.4. The Company shall convene and finance quarterly and annual meetings to discuss progress in and planning for the implementation of this Agreement.

11.5. The financial cost for each meeting mentioned in point 11.4 and 11.5 will not exceed the amount of US\$ 500.00 (United States Dollars Five Hundred).

12. ASSIGNMENT AND TRANSFER OF CONTRACT

12.1. With the exception of obligations mentioned under 9.2 of the detailed terms to this Agreement, the Company shall not subcontract timber operations, or any other of its rights or obligations under this Agreement to any of its affiliate companies, fourth parties or operators, except as provided in section 12.2 and 12.3 below.

12.2. Where the Company wants to subcontract parts of its operations, this is subject to prior written consent of the CFMB and the FDA and the Company shall remain liable for the fulfilment of all obligations under this Agreement.

12.3. The Company can transfer its rights and obligations under this Agreement to another party only in its entirety and after written authorisation by the FDA and by the CFMB. The transfer of contract will be executed through signature of a new Agreement between that new Company and the CFMB.

13. USE OF LIBERIAN GOODS AND SERVICES:

The Parties mutually agree that the Company, to the maximum extent possible, shall

14.1. The Company and CFMB agree that damages for delays in implementing this Agreement by the Company are equivalent to the amounts mentioned in Annex A.

14.2. By entering into this Agreement, the Company assumes liability for any damage caused as a result of its operations or negligence.

15. ENFORCEMENT OF RULES AND DISPUTE RESOLUTION

15.1. Any dispute connected with the formation, performance, interpretation, nullification, termination or invalidation of this Agreement or arising from, or related to this Agreement in any manner whatsoever, which cannot be resolved through the direct consultations and negotiations by and between the Parties shall be referred to arbitration by the affected Party.

15.2. The rights and duties of the Community and Company with respect to addressing violations and the procedure for direct consultations and negotiations are detailed in Annex A.

15.3. The Parties agree to submit disputes arising out of this Agreement, which cannot be solved amicably, to arbitration:

- t) Arbitration shall be conducted by an arbitral panel of three (3) persons. Each Party to this Agreement shall name one (1) arbitrator. The third arbitrator, who shall act as chairman of the arbitral panel, shall be the Managing Director of the FDA or his/her designated representative.
- u) The arbitration shall be conducted in keeping with arbitral rules under Liberian laws. Each Party shall be responsible for and shall pay the fees and expenses of its appointed/designated arbitrator. The fees and expenses of the third arbitrator shall be shared on an equal basis by the Parties, while the remaining costs and expenses of the arbitration proceeding shall be assigned by the arbitral panel as it sees fit and shall be paid by the party adjudged liable to the other or in default of Agreement.
- v) A decision by the majority of the arbitral panel shall be binding on the Parties and enforceable in a court of law without delving into the merit of the dispute or the award.
- w) To invoke arbitration, a Party to this Agreement shall give written notice to the other Party, stating the nature of the dispute and appointing its arbitrator. The other Party must appoint its arbitrator and provide its responses to the dispute as stated by the Party giving the notice of arbitration within ten (10) days. After notice to the Chairman, the arbitral panel shall commence its work and shall work every day until a decision is arrived at and rendered.

16. TERMINATION

16.1. It is mutually understood by the Parties that this Agreement may be terminated under the following conditions:

- x) The Parties jointly can at any time terminate this Agreement by an agreement in writing duly stating the terms of termination;

- it gives a written notice of not less than six (6) months specifying the date of termination;
- the Community represented by the CFMB is not required to refund any payments or benefits already received in advance.

aa) Either Party can terminate this Agreement if the arbitration procedure fails to result in decision within four (6) months of being initiated, provided the failure of the arbitration process is not manifestly the responsibility of the Party wishing to terminate the Agreement;

Any Party deciding to terminate the Agreement shall inform the FDA through a written detailed communication of the purpose and details for terminating the Agreement.

16.2. Upon termination of the Agreement

- ab) any rights of the Parties which may have accrued, and any debts which were due before the end date shall not be affected;
- ac) any future rights to the Community Forest for the Company will be relinquished;
- ad) the CFMB will have the right to engage other interested party(ies) for commercial activities in the Community Forest.

17. FORCE MAJEURE

It is agreed that this Agreement may be suspended in the event of Force Majeure. Upon the cessation of the force majeure event, the performance of this Agreement shall resume, and the period of suspension shall be added to the term of this Agreement.

18. TAXES

The Company shall be responsible for paying all taxes, fees and levies related to the commercial timber exploitation activities by the Company on the Community Forest lands covered under this Agreement, including stumpage and land rental fees.

19. GOVERNING LAW

This Agreement is governed by the laws of the Republic of Liberia.

20. NOTICES

Notices shall be sent to the following addresses:

For Company:

Mr. Ali Harkous
Managing Partner
Masayaha Limited Liability Company
Randall Street, Monrovia

For CFMB:

The failure of either Party to insist upon a strict performance of any of the terms, covenants and conditions herein, or the waiver by either Party of any breach of any provision of this Agreement, shall not be deemed a waiver of any rights or remedies of either Party and shall not be deemed a waiver of any other breach of any terms, conditions, covenants and provision or any similar or other provision or condition of this Agreement.

22. AMENDMENT/MODIFICATION:

No amendment, modification or variation of this Agreement shall be valid unless evidenced by an agreement in writing duly signed by both Parties, and then only to the extent provided in such mutually signed written agreement.

23. SEVERABILITY:

The invalidity, illegality or unenforceability of any provisions of this Agreement shall not affect the continuation, force and or validity of the remainder of this Agreement.

24. INTEGRATION:

This Agreement, including all Annexes, constitutes all the negotiations, discussions and agreements between the Parties. All other prior oral and written discussions and agreements are superseded by this Agreement.

25. BINDING EFFECT:

This Agreement shall remain binding on the parties thereto, their successors-in-business, their heirs, assigns, attorneys-in-fact and/or agents, as though they participated in the negotiation of this Agreement.

26. SIGNATURES

26.1. In witness whereof, we the parties hereto, affix our signatures and seals on this 10th day of November A. D. 2021.

For the CFMB

Signature: [Handwritten Signature]
Name: Sampson Zammie
Chief officer CFMB

Signature: _____
Name: _____
Secretary CFMB

Signature: [Handwritten Signature]
Name: [Handwritten Name]
Treasurer CFMB

Signature: [Signature]
Name: Tommy Clarke
Chairman, Executive Committee

For the Company

Signature: [Signature]
Name: Al Harkovs
Position: CEO

Signature: [Signature]
Name: NABIH MAJED
Position: P.P. MANAGER

In the presence of:

Signature: [Signature]
Name: Joseph A. Brisbane
CSO

Signature: _____
Name: _____

Signature: [Signature]
Name: Hon. Josiah Quial

Signature: [Signature]
Name: Isaac Sigley
National Union of the Community
Forest Management Bodies

APPROVED BY FORESTRY DEVELOPMENT AUTHORITY

Signature: [Signature]
C. Mike Doryen
Managing Director

ANNEX A: DETAILED TERMS AND CONDITIONS

1. DETAILED TERMS FOR CLAUSE 3: RIGHT TO EXTRACT/SELL LOGS:

The right to extract and sell logs referred to under clause 3 of the Agreement shall be limited to a surface area mentioned under Section 3.1 of the Agreement, shall be confined to the commercial zones identified within the Community Forest Management Plan and shall be subject to all conditions mentioned in that plan, this Agreement, its annexes and relevant laws and regulations. Timber operations shall in addition be subject to the planning documents referenced in clause 11 of this Agreement.

The right to extract and sell logs does not include the right to extract and sell non-timber forest products. Any off-cuts and waste wood shall be made available to the community for local uses and charcoal production as the community decides.

2. DETAILED TERMS FOR CLAUSE 5: PAYMENTS AND PAYMENT TERMS

As mentioned in clause 5.1 of this Agreement, the company shall pay 55% of the land rental fees for the total contract area directly to the Community and the Company shall remit a copy of the payment receipt to FDA for its records. The remaining 45% of the land rental fee shall be paid to the national government. Payment of land rental fees shall be made annually in advance. The first payment shall be made before the inception meeting, at the latest within 3 months from the date of FDA's approval of this Agreement. Subsequent payments shall be made before the annual meeting and at the latest on or before the last day of the month in which the Agreement was signed.

The cubic meter fees mentioned in 5.2 of the Agreement shall be paid on a quarterly basis on or before the last Friday of the quarter (before the quarterly meeting). The cubic metre fees will be calculated using the formula included in Annex C and based on tree information forms and the record of production which is co-signed by the Company and the community Forest Guard on a monthly basis (as per clause 10.2 of the Agreement and clause 8.2 of this Annex). All logs harvested for commercial purposes or for use by the Company, and whether or not harvesting was part of forest clearance for road building, shall give rise to corresponding payments of cubic meter fees.

Monitoring and protection payments mentioned in 5.3 of this Agreement shall be made in advance on a quarterly basis on or before the last Friday of the quarter (before quarterly meeting). The first payment shall be made before the inception meeting, at the latest within 2 months of the date of FDA's approval of this Agreement.

All payments shall be made by the Company into the account of the Community overseen by the CFMB. The details of this account shall be provided in writing by the CFMB within two weeks as of the signature of this

3. DETAILED TERMS FOR CLAUSE 6: LOCAL EMPLOYMENT AND TRAINING

- 3.1. To realise and monitor preference for local employment mentioned in 6.1 and equal employment mentioned in 6.2 of the Agreement, hiring shall be done in collaboration with the CFMB. The Company shall inform the CFMB of planned hiring processes three (3) weeks ahead of any hiring taking place. The CFMB shall share employment opportunity information within the Community.
- 3.2. To encourage women to join the workforce, the Company and the CFMB shall raise awareness in the Community about employment opportunities being open to female candidates.
- 3.3. A list of all Community members employed or contracted by the Company which identifies their names, gender, position, number of completed months of service and type of employment contract shall be made available to the CFMB on a quarterly basis on or before the last Friday of the quarter (before quarterly meeting).
- 3.4. Adequate compensation for employees who suffer occupational illness, injuries or disability is defined in Schedule A of Section 30.3 of the Decent Work Act of 2015.
- 3.5. The Company shall not employ community members on short term contracts for periods exceeding three (3) months if their services are of a nature that is not seasonal.

4. DETAILED TERMS FOR CLAUSE 7: COMMUNITY INFRASTRUCTURE

- 4.1. Where the commercial operations require the construction of roads and/or bridges these will be planned for and agreed on as part of the 5 year and annual operational plans. The Company shall allow the Community to use any transport roads constructed and/or maintained by it free of charge. This does however not apply to skidding trails, which are not considered as roads and are not available for use by community members (except for collection of off-cuts and waste wood for firewood and charcoal production). Skidding trails and temporary bridges that do not connect with a town on the other side of the river shall be decommissioned and closed after operations.
- 4.2. As provided for under subsection 7.3 of the Agreement

- the construction of school shall be done in accordance with the *Ministry of Education Standards*

5. DETAILED TERMS FOR CLAUSE 8: COMPANY RESPONSIBILITIES

- 5.1. Company responsibilities in the areas subject to this Agreement as mentioned in clause 8 of the Agreement means that:

- a) Timber operations must at all times be in accordance with the Code of Forest Harvesting Practices, the Guidelines for Forest Management Planning (once

- c) The Company shall provide for silvicultural measures including the protection of mother trees;
- d) No trees can be harvested under the minimum diameters included in Annex D to this Agreement;
- e) The Company is responsible for meeting all relevant environmental standards and requirements relating to timber harvesting consistent with the Liberia Code of Forest Harvesting Practices, all FDA rules and all other International Conventions to which Liberia is a party.

5.2. Animals protected by Liberian law as referenced in clause 8.2 of the Agreement shall include animals such as chimpanzees ("baboon"), hippos and crocodiles and any other species of plants or animals listed as protected consistent with the National Wildlife Conservation and Protected Area Management Act of 2016 or other legislations, regulations or treaties/conventions to which Liberia is a Party. The prohibition of hunting further includes:

- a) the prohibition to use Company vehicles to transport bush meat or Company infrastructure to store or sell bush meat;
- b) the prohibition for all Company employees to carry firearms, ammunition, snares, nets or other hunting equipment;
- c) The prohibition to include bush meat in food provided by the Company to staff and workers.

6. DETAILED TERMS FOR CLAUSE 9: REQUIREMENTS BEFORE COMMERCIAL FELLING

6.1. Where the Company is required to conduct an Environmental Impact Assessment (EIA), this assessment shall be compliant with Section 24 (2) and Section 41 of Regulation 105-07 or its succeeding regulations.

7. DETAILED TERMS FOR CLAUSE 10: OTHER OBLIGATIONS OF THE PARTIES:

7.1. The other obligations of the Company included under clause 10 of the Agreement are further detailed as follows:

- d) In execution of its responsibility for complying with Chain of Custody and legality assurance system requirements, the Company shall provide all required data for Liberia's Chain of Custody system ('LiberTrace') to the FDA, with a copy to the CFMB;
- e) The Performance Bond posted by the Company shall be procured from a reputable bank, valid until ninety (90) days after the end of this Agreement and shall total the cost of one year of all payments provided for in this Agreement. The failure of the Company to uphold the payments or comply with its obligations as contained herein will result in the CFMB having grounds to seek indemnification from the bank where the performance bond has been posted;
- f) The Company obligation to take reasonable and proper care in carrying out its activities includes the obligation to take immediate action to cure or remedy any adverse impact its operations have on the Community and/or the environment.
- g) The Company obligation to minimize disruption to subsistence

farmer on fair compensation within two months. During these negotiations, the farmer may be supported by the CFMB, NGOs and experts. Where any unexpected damage to food or cash crops occurs, the Company shall compensate the farmer according to the current market value of the crops which have been destroyed. In addition, if the crops which have been destroyed were expected to yield produce on multiple occasions over a longer period of time the compensation to be paid shall be the market value of the expected yield covering the time needed to re-grow those crops;

- h) The Company's obligation to preserve and protect non-timber forest products, water collection points and to respect cultural norms and practices includes a prohibition to conduct logging activities outside of the commercial area covered by this Agreement. It also includes an obligation to preserve and protect non-timber forest products, wildlife, water collection points and cultural norms and practices within the Community Forest, as identified in the Community Forestry Management Plan, the EIA and the annual operational plan. If any member of the Community becomes aware during the operations that any important site is negatively affected, the Community, through the CFMB, can inform the Company who shall take immediate actions by avoiding the sites and taking other corrective actions to ensure protection;
- i) The copy of the record of production shared by the Company at the end of each month shall be co-signed by the Company (e.g. data clerk) and the community Forest Guard and will be handed over to the CFMB. The record of production shall be developed based on the tree data forms and clearly mention the total amount of logs harvested, their average diameter, length, volume in cubic meter, the species, time and place of harvest as well as the Chain of Custody tracking number. The record of production shall serve as the official source to determine the actual volume felled and calculate the cubic meter fee. The Company shall share copies of the tree data forms within one week of receiving a request of the CFMB to do so. The Company hereby also grants permission to the CFMB and NUCFMB to request any production-related data from the FDA, SGS or any other relevant institution;
- j) When the Company provides transportation to the communities during emergency situations the Company will not be responsible for any damage, injury or any other subsequent events that may occur during the provision of this service. Requests for emergency transport can be made by any community member in distress or any CFMB member. The Company can only refuse emergency transport when it would put their staff or property at risk in a disproportionate way. Should such a refusal occur the Company will subsequently provide explanation in a letter to the CFMB.

8. DETAILED TERMS FOR CLAUSE 11: PLANNING, MONITORING AND IMPLEMENTATION

8.1. As provided in clause 11 of the Agreement the Company shall prepare and

- c) The first strategic forest management plan shall clearly identify:
- the areas for commercial use covered by this Agreement as part of the description of the managed forest and its environment
 - off-limit areas including protection, multiple use and agricultural areas
 - the first compartment containing no more than five (5) annual coupes.
- d) The Company shall allow the community Forest Guard or other persons designated by the CFMB to take part in the multi-resource inventory required for the final strategic forest management plan under 6.3 of Section 2 of the Guidelines for Forest Management Planning.
- e) Copies of the first and final strategic forest management plan shall be submitted to the CFMB thirty (30) days ahead of the first and fourth annual meetings respectively, to allow for inputs from the Community ahead of submission for approval by the FDA.

8.2. As provided in clause 11 of the Agreement the Company shall prepare and submit a first 5-year operational plan ahead of the inception meeting and before any logging can take place. Subsequent 5-year operational plans shall be submitted ahead of the annual meetings that take place every five (5) years of this Agreement. All 5-year operational plans shall be drafted in accordance with the Section 3 of the Guidelines for Forest Management Planning and shall

8.3. As provided in clause 11 of the Agreement the Company shall prepare and submit the first annual operational plan ahead of the inception meeting and before any logging can take place. Subsequent annual operational plans shall be submitted at least one week ahead of every annual meeting.

f) The annual operational plan shall cover the annual coupe and shall be based on a pre-felling survey conducted by the Company or a surveyor contracted by the Company. The pre-felling survey will be submitted to the FDA and a copy shall be shared with the CFMB. All annual operational plans shall be drafted in accordance with Section 4 of the Guidelines for Forest Management Planning and shall include information on:

- the total number and sizes of harvestable species in the area covered by this Agreement;
- a planning of work including logging activities, secondary roads and bridges, and environmental protection
- number of positions to be recruited and staff employed
- the identification of non-timber forest products, water collection points and cultural norms and practices, such as sacred sites, medicinal plant sites and animal sanctuaries, cemeteries, shrines, sacred forests, special trees and forest collection areas (e.g., for special medicines) within blocks scheduled for harvesting
- protection areas in accordance with the Code of Forest Harvesting Practices in the blocks scheduled for harvesting in the

documents. After the annual meeting, the Company shall submit the updated plans to the FDA for approval. The Company shall send final copies approved by the FDA to the CFMB and NUCFMB. The plans shall in addition be made available by the CFMB and the Company to any person or organisation on request no later than seven (7) days after the request was made. The requesting Party can be asked to cover reasonable costs for reproduction.

8.5. If the CFMB and the Company fail to agree on any of the planning documents either Party can initiate the dispute resolution mechanism referenced in clause 15 of the Agreement

8.6. The Company shall at all times guarantee access to any area of timber operations to the community Forest Guards. The Company shall provide any documents or information requested by the Forest Guard or CFMB in performing their responsibilities.

8.7. As provided under 11.3 of the Agreement the Company will convene and finance an inception meeting between the Company, the CFMB, the Community Executive Committee and the Community Assembly no later than two (2) months after the signature of this Agreement. The FDA shall attend this inception meeting and external persons/parties or organisations including the NUCFMB will be allowed to attend as observers.

8.8. As provided in 11.4 of the Agreement, the Company shall convene and finance quarterly and annual meetings to discuss progress of the implementation of the Agreement. The FDA and the NUCFMB shall attend and external persons and organisations will be allowed to attend as observers.

- Quarterly meetings will be held between the Company, the CFMB and Community Executive Committee on the last Friday of each quarter except for those quarters in which an annual meeting is scheduled.
- Annual meetings will be held between the Company, the CFMB, the Community Executive Committee and the Community Assembly no later than the date of the anniversary of the signature of this Agreement.

8.9. Meeting costs are understood to include costs for transportation and food for Community and Company representatives and where needed the costs of attendance for representatives from local authorities and the FDA.

8.10. The Company shall provide the following documents at each of the meetings:

g) Inception meeting:

- Proof of transfer of first payment of land rental fees as provided in 5.1 of the Agreement;
- Proof of transfer of first payment for monitoring and protection as provided in 5.3 of the Agreement;
- The first 5-year operational plan

- An up-to-date list signed by the Company of all Community members employed or contracted by the Company as provided in clause 3.3 of this annex;
- Progress reports on road building and infrastructure

i) Annual meetings

- Proof of transfer of land rental fees as provided in 5.1 of the Agreement;
- Proof of payments of cubic meter fees and monitoring and protection payments as provided in 5.2 and 5.3 of the Agreement;
- Proof of transfer of the two semesters' human resource development and training payments as provided in 5.4 of the Agreement;
- An up-to-date list signed by the Company of all Community members employed or contracted by the Company as provided in clause 3.3 of this Annex;
- Progress reports on establishment and operation of tree nursery and replanting;
- Progress reports on road building and infrastructure;
- Where applicable, the 5-year operational plan;
- The annual operational plan

8.11. Where needed, the Executive Committee upon instruction of the Community Assembly shall report any changes regarding CFMB membership. The CFMB shall report observations of the community Forest Guards on any violations of forest rules, including pit-sawing activities and concerns related to infrastructure works during the quarterly and annual meetings.

8.12. After each meeting the CFMB shall draft a meeting report which shall be shared with the Company, the Community Executive Committee, the FDA and the NUCFMB.

8.13. All of the abovementioned meeting documents shall be made available to the any other person or organisation on request no later than 7 days after the request was made.

8.14. As part of the annual meetings, Parties to this Agreement shall review performance and compliance. Where the CFMB or Company raise issues of non-performance or non-compliance with this Agreement, this will be reflected in the meeting report. Unless agreed differently, the non-performing and/or non-compliant Party will be given fourteen (14) days to rectify the situation. Where the non-performance or non-compliance is not rectified within this period, operations under this Agreement will be suspended and either Party can initiate the dispute resolution mechanism referenced in clause 15 of the Agreement.

9. DETAILED TERMS FOR CLAUSE 12: ASSIGNMENT AND TRANSFER OF CONTRACT

9.1. As provided in clause 12 of the Agreement the Company shall not subcontract timber harvesting operations nor substantial parts of its rights and obligations to any subcontractor.

Company transfers its rights under this Agreement to another Company, this new Company will sign a new Commercial Use Contract with the CFMB in which all rights and duties are transferred as a whole.

10. DETAILED TERMS FOR CLAUSE 14: DAMAGES

10.1. Delays in implementing the Agreement are agreed to correspond to the following damages:

- j) Delays in the start of pre-harvesting operations exceeding six (6) months are agreed to correspond to damages of US \$500 per additional week of delay.
- k) Delay in transferring any of the payments mentioned in clause 5 of the Agreement is agreed to correspond in damages of 3 percent (3%) of the amount owed on a monthly basis;
- l) Delay in completing community infrastructure mentioned in clause 7.3 is agreed to correspond to damages of US \$300 per month of delay beyond the agreed completion date;
- m) Delay in compensating damage to subsistence, food or cash crops is agreed to correspond to damages of US \$50 per ten (10) days of delay in paying compensation (counting starts from day operations start/continue after damage has been caused) to be paid directly to the affected farmer.

10.2. Damage caused by continued timber harvesting in spite of timber operations having been suspended by the FDA are agreed to correspond to US \$500 per day.

10.3. Liability for damages assumed by the Company under clause 14.2 of the Agreement shall include liability for environmental, property and any other types of damage as well as criminal and civil liability for any other violations of law.

11. DETAILED TERMS FOR CLAUSE 15: ENFORCEMENT OF RULES AND DISPUTE RESOLUTION

11.1. The Community, through its Community Assembly, shall ensure the necessary By-laws are in place to define the authority of the community Forest Guards, including their authority to instruct any person, including Company staff or contractors, to stop any activities that are prohibited or contrary to the Community Forest Management Plan or forest rules. Similarly, the Company shall ensure that the authority of the community Forest Guards is recognized in its internal rules and policies and is known by all relevant staff and contractors. Prohibited activities shall include pit sawing, illegal hunting, pollution of waterways or land, endangering or damaging forest resources, farming inside the commercial zone, environmental damage, timber harvesting below the minimum diameter.

11.2. In case the Company, community Forest Guards or any other community member detect any of the violations mentioned under 11.1 above, these shall be reported to the CFMB and the Company. Upon receiving such reports, the CFMB shall send the community Forest Guard to instruct the person(s) accused

shall conduct an internal investigation to resolve the matter amicably first. In absence of a resolution within two (2) weeks of the CFMB and Company being informed, either Party can decide to initiate the dispute resolution procedure of this Agreement or request for the case to be transferred to local authorities and the FDA. The CFMB and the Company will share any useful information and provide support to any interventions by the local authorities and/or the FDA.

- b) Where any violations mentioned under 11.1 were committed by persons or companies not under the control of the CFMB or the Company, either Party may transfer the case to local authorities and the FDA to take forward. The Community Forestry Working Group shall also be notified by the CFMB, which may provide support and/or intervention. The CFMB and the Company will share any useful information and provide support to any interventions by the local authorities and or the FDA.
- c) Where there are reasonable beliefs, presumptions and/or allegations that a member of the CFMB is engaged in any of the violations mentioned under 11.1 above, the community Executive Committee, with the technical support of the FDA, shall conduct an investigation and prepare a comprehensive report. This report shall clearly identify actions to be taken by the CFMB to rectify any problems identified. If not resolved within ninety (90) days of the Executive Committee being informed, the Executive Committee shall ask the FDA to take over the management of the community forest.
- d) Where a violation or the breach of contract is so serious that it results in a breach of trust, either Party can suspend this Agreement with immediate effect by sending a written notice of suspension and initiating the arbitration procedure of this Agreement. Serious violations and breaches of contract are the following:
 - o Violent or abusive behaviour towards Community members/Company employees, whether or not this has resulted in injury
 - o Serious damage to Community/Company property or equipment
 - o Serious damage to agricultural land or crops, unauthorized hunting and environmental damage or pollution
 - o Cutting significant numbers of trees below minimum diameter
 - o Under-declaring harvested timber volumes
 - o Harvesting significant numbers of trees outside the contract area
 - o Theft, bribing or any other serious crime

A serious breach shall be deemed to have occurred where any of breaches mentioned above has occurred more than twice, or the person culpable for such breach is a senior management employee of the Company/member of the CFMB, or that the Company/Community have failed to take punitive action(s) within thirty (30) days from the date the complaint was registered.

11.3. The Parties to this Agreement commit to trying to resolve any dispute through

dispute to achieve amicable resolution. The Parties that have caused the reason of the meeting shall reimburse the transportation and food costs of this meeting no later than two (2) weeks after receiving the request for reimbursement from the other Party. If Parties resolve the issue during this meeting the resolution will be written and signed by the CFMB and the Company at the end of this meeting.

- o) If no resolution is found during the meeting provided for in Clause (a) above, each Party shall prepare a written memorandum or statement of (i) its grievances and (ii) its proposed solution(s) to the disagreement/dispute. Each Party shall send this memorandum to the NUCFMB no later than 10 calendar days after the meeting.
- p) The NUCFMB shall review the memoranda, consult with Community representatives, the FDA, the Company and thereupon share a written proposed solution with the FDA who will be given seven (7) days to provide inputs and suggestions. After having taken into account the suggestions and inputs from the FDA or after the seven (7) day timeframe has lapsed, the NUCFMB shall circulate the written proposed solution to the Company, FDA and CFMB. The Company and the CFMB shall confirm within seven (7) days whether they agree with the proposed solution. The costs associated with the consultations by the NUCFMB shall be covered by the NUCFMB.
- q) If either Party does not implement the agreement reached at the meeting or does not agree or implement the solution proposed formally in writing by the NUCFMB, logging operations under this Agreement shall be suspended and either Party can submit the case to arbitration.

11.4. The Parties agree to submit disputes arising out of this Agreement which cannot be solved amicably to arbitration:

- r) A Party requesting arbitration shall give notice to the other Party in writing, setting out the material particulars of the dispute, annexing any relevant documentation and requesting arbitration. The other Party shall reply to the request for arbitration within ten (10) days of receipt and respond to the material particulars alleged in the requesting Party's notice.
- s) Each Party shall appoint one Arbitrator no later than ten (10) calendar days after the notice. The Managing Director of the FDA or his/her designated representative shall be the Chairperson of the panel. Arbitrators are not expected to represent the Party that has appointed them, rather they shall be neutral and apply the provisions of this Agreement and the relevant laws when assessing the issues presented to them.
- t) The arbitral panel shall review the documents submitted to them and shall hear both Parties. The arbitral panel can request that either Party provide additional information, can hear witnesses, experts and any other resource person deemed useful. The arbitral panel shall decide by majority of at least two of the arbitrators. Decisions of the arbitral panel shall be in writing, signed and shall provide explanation for decision reached. The decision shall be binding and enforceable.
- u) Decisions by the arbitral panel shall be reached within two (2) months of the date of the written notice initiating the arbitration process, unless the arbitral panel decides to prolong this delay, such decision to extend the

- 11.5. Any party can appeal the decision of the arbitral panel in the appropriate court.
- 11.6. The above-mentioned procedures for dispute resolution do not cover any criminal conduct or actions of violence as Liberian law does not permit their compromise or resolution by private persons. Therefore, where the dispute between Parties is of a criminal nature the case will be submitted to the relevant government law enforcement agency.

12. DETAILED TERMS FOR CLAUSE 16: TERMINATION

12.1. Upon termination of the Agreement

- w) any rights of the Parties which may have accrued before the end date shall not be affected
- x) any future rights to the Community Forest for the Company will be relinquished
- y) the CFMB will have the right to engage other interested Party(ies) for the harvest of the Community Forest.

12.2. Upon termination by either Party, any rights of the Parties which may have accrued before the end date shall not be affected and each Party shall have the right to seek enforcement of or compensation for their rights. The Parties agree that termination of this Agreement shall not affect any rights that may have accrued to the Parties and which is not in dispute prior to the termination and a Party to whom any right had accrued prior to termination may seek specific performance of the obligations or other legal remedies in the appropriate court of Liberia.

12.3. Should the Company be the Defaulting Party, and the Agreement is terminated because the Company fails to cure the defect, the Company relinquishes any right to the Community Forest, and authorizes the Community to proceed and engage other interested Party(ies) for the harvest of the Community Forest.

13. DETAILED TERMS FOR CLAUSE 17: FORCE MAJEURE:

It is agreed that this Agreement may be suspended in the event of Force Majeure or supervening impossibility, either due to acts of God such as flood, fire from lightening or other natural causes, earthquake, volcano, landslide, epidemic, and any such natural cause, or acts of man such as military coup, armed civil conflict affecting the operational area, nationwide workers strike, terrorist war, or war between Liberia and another state, which makes it practically impossible to perform the obligations of this Agreement. However, the Company shall make payment for the logs already harvested and intentionally abandoned. Upon the cessation of the force majeure event, the performance of this Agreement shall resume, and the period of suspension shall be added to the remaining period of the Agreement.

14. DETAILED TERMS FOR CLAUSE 21: WAIVER:

The failure of either Party to insist upon a strict performance of any of the terms, covenants and conditions herein, or the waiver by either Party of any breach of any provision of this Agreement shall not be deemed a waiver of any rights or remedies.

ANNEX C: CALCULATION FORMULA M³/LOG

Included below is the formula that will be used to calculate the amount of cubic meters for each log harvested in accordance with clause 5.2 of the Agreement and the detailed terms to that clause included in annex A .

$$V = \frac{D^2 \times L \times \pi}{4}$$

- V = volume expressed in m³
- D = Average diameter calculated by taking two measurements of diameter at each of the ends of the log. The sum of those four measurements is divided by four to calculate the average diameter.
- L = The length is the shortest distance between the two ends of the log, measured without passing over any defects in the log that could influence the total distance

ANNEX D: DBH cutting limits

Included below is the Diameter at Breast Height (DBH) cutting limits applicable to timber harvesting operations in the community forest areas subject to this Agreement

DIAMETER AT BREAST HEIGHT CUTTING LIMITS			
Species (Trade Name)	Minimum Diameter Limit (cm)	Species (Trade Name)	Minimum Diameter Limit (cm)
Afzelia spp. (Doussie, Apa)	70	Alstonia boonei (Emien)	70
Aningeria robusta (Aningerie)	80	Antiaris africana (Ako)	60
Chlorophora excelsa (Iroko, Odoum)	80	Bombax spp. (Kapokier)	70
Entandrophragma angolense (Tiama, Edinam)	90	Brachystegia leonensis (Naga)	90
Entandrophragma candollei (Kosipo)	90	Canarium schweinfurthii (Aiele)	80
Entandrophragma cylindricum (Sapeli)	90	Ceiba pentandra (Fromager)	90
Entandrophragma utile (Utile, Sipo)	100	Daniellia spp. (Fara)	70
Guarea cedrata (Bosse)	80	Didelotia spp. (Broutou, Zing, Bondu)	60
Guibourtia ehie (Amazakoue)	60	Distemonanthus benthamianus (Moungui)	80
Khaya spp. (Khaya, Acajou)	70	Erythrophleum spp. (Tali, Sassawood)	80
Lovoa trichilioides (Lovoa, Dibetou)	70	Gilbertiodendron spp. (Limbali)	60
Mansonia altissima (Bete)	60	Lophira alata (Azobe, Ekki)	80
Mitragyna ciliata (Abura, Bahia)	80	Mammea africana (Oboto, Kaikumba)	60
Nesogordonia papaverifera (Kotibe)	60	Nauclea diderrichii. (Kusia, Bilinga)	80
Pycnanthus angolensis (Ilomba)	70	Piptadeniastrum africanum (Dahoma, Mbeli)	80
Tarrietia utilis (Niangon)	60	Pterygota macrocarpa (Koto, Ake)	60
Terminalia ivorensis (Framire)	70	Sacoglottis gabonensis (Ozouga, Akouapo)	70
Terminalia superba (Limba, frase, Afara)	70	For all other species, not listed above	60
Tetraberlinia tubmaniana (Sikon)	60		
Tieghemella heckelii (Makore, Douka)	100		
Triplochiton scleroxylon (Wawa, Samba, Obeche)	90		
Turreanthus africanus (Avodire)	80		

Where the FDA fixes stricter DBH cutting limits, those will apply instead of the limits referenced in this tab