

THIRD PARTY FOREST MANAGEMENT AGREEMENT

THIS THIRD PARTY FOREST MANAGEMENT AGREEMENT, made and entered into this 30th day of January 2020 by and between SEHZUEPLAY COMMUNITY FOREST MANAGEMENT BODY, representing SEHZUEPLAY COMMUNITY FOREST located in Doe Administrative District, Nimba County, hereinafter known and referred to as the "Community", and UNIVERSAL FORESTRY COOPERATION (UFC), a company organized and existing under the Laws of the Republic of Liberia, represented by its President, Jin S. Kyung hereinafter known and referred to as **the Company**, hereby:

WITNESSETH:

WHEREAS, the people of Sehzueplay Community are the owners of the Sehzueplay Community Forest in Doe Administrative District, Nimba County; and

WHEREAS, the people of Sehzueplay Community have entered into an agreement with the Government of Liberia, by and through the Forestry Development Authority for the sustainable management and use of its forest resources in line with the Forestry Laws of Liberia; and

WHEREAS, the people of Sehzueplay Community have expressed their readiness to offer their forest for Commercial purposes in line with the requirements of the Community Rights Laws with Respect to Forest Lands, the Community Rights Law Regulations, the National Forestry Reform Law of 2006 and its attending regulations; and

WHEREAS, the Company, is a duly registered and qualified Company with a Pre-Qualification Certificate to engage directly or indirectly in logging activities in the Republic of Liberia; and

WHEREAS, the Company has presented to the people of Sehzueplay Community through the Sehzueplay Community Forest Management Body that it is disposed to manage their Community Forest for commercial purpose to further the development of the people of Sehzueplay Community ; and

WHEREAS, Sehzueplay Community Forest Management Body has consented and determined it to be in the best interest of the people of Sehzueplay Community for the Company to commercially manage their forest under this Community Forest Management Agreement.

NOWHEREFORE, for and in consideration of the premises, mutual promises, covenants and agreements. Herein contained, the Parties hereby agree as follows:

1. COMMUNITY FOREST AREA

The Community Forest Management area for the purpose of this Agreement is situated in Nimba County, Republic of Liberia and covers a total area of 6,890 hectares as detailed in Annex A.

2. DURATION OF AGREEMENT

This Community Forest Management Agreement shall be in full force and effect for a period of twelve (12) years which shall commence immediately upon the signing of this Agreement between the Sehzueplay Community Forest Management Body (SCFMB) and the Company. It is mutually understood and agreed that the Social Agreement (which forms an integral part of this agreement) and its implementation shall be subject to periodic review by the parties hereto every five (5) years during

3. FISCAL CONSIDERATION

The Parties hereto have made the following fiscal considerations for this Community Forest Management Agreement:

- 3.1 The Company shall pay the amount of US\$ 1.25¢ (One United States Dollar and Twenty-Five Cent) per hectare annually for land rental fee in accordance with the National Forestry Reform Law. This fee shall be paid directly to the Community Account. The FDA in accordance with the Community Rights Law with Respect to Forests Land shall remit fifty five percent (55%) which will be in the tone of US\$4,736.75 (four thousand seven hundred and thirty four United States dollars and seventy-five cents) of the collected Land Rental to the SCFMB in a timely manner. The Company shall inform SCFMB of its payment of the Land rental at the time of each payment.
- 3.2 The Company, shall pay the amount of US\$1.50usd (one united state dollars and fifty-cents) for every cubic meter of log felled. The Company shall pay 0.50¢USD (fifty-cents united states dollars) per cubic meter on all logs felled and/or processed for domestic market. The Company shall furnish the SCFMB with copies of Log Data Form (LDF), which shall serve as the official source to determine actual volume felled. Payment of all royalties or fees due the Community (excluding land rental) shall be deposited directly into the Community's bank account. The Community shall furnish the Company with its bank's account number and other banking information required for such deposit(s).

4. REQUIREMENTS BEFORE COMMERCIAL FELLING

It is mutually understood and agreed by the Company and SCFMB that no commercial felling shall commence until the completion of the Community Forest Management Plan, and the completion of the Environmental Impact Assessment and other felling requirements established by the FDA.

5. SOCIAL AGREEMENT

The people of Sehzieplay Community Forest, having identified its representative body, firstly the Sehzieplay Community Assembly and the Sehzieplay Community Forest Management Body (SCFMB), to represent it in accordance with the Community Rights Law with Respect to Forest Land and its regulations, shall ensure no other person outside of the SCFMB shall in anyway represent himself/herself/themselves as the authorized representatives of the people of Sehzieplay Community Forest in relation to any terms of this Agreement, including financial payments or social obligations. It is mutually understood and agreed by **The Company** and SCFMB that:

- 5.1 **SCFMB** has the power to negotiate on all affected community's behalf.
- 5.2 **SCFMB** shall provide a list of its members and be responsible to inform the company of any change to its membership immediately.
- 5.3 **SCFMB** and the Company hereby agree and stipulate that the social commitment to the people of Sehzieplay Community Forest shall follow the guidelines as prescribed by the Forestry Development Authority.
- 5.4 The Company agrees to design its logging operations to minimize effects on traditional practices such as taboo day, sacred sites, and the range of taboo animals/plants, medicinal plants sites, hunting grounds, to the extent that they will respect the traditional practices, laws and regulations of the people of

maintained. The Company shall construct two (2) hand pumps in each village town. The construction of pumps shall be completed within the first quarter of the second year of the Company operation. The site/location of the construction shall be determined by the SCFMB.

- 5.7 The Company agrees that its timber operations shall be timed to minimize disruption to subsistence agricultural activities.
- 5.8 The Company agrees that its timber operations shall respect the existing cash crops within the Community Forest Management Area.
- 5.9 The Company agrees to participate substantially in community development programs (such as town hall development, construction of school etc....
- A. **School:** The Company shall build, in the first two years of its operation ten (10) class rooms school building with four (4) offices in the affected community. The school must be completed by December 2021. The construction site shall be determined by the community.
- B. **Scholarship Fund:** The Company agreed to make an annual contribution of US\$4,000.00 towards the Community's Scholarship program annually commencing from July 2021 during the operational period. Subsequent payment shall be made in July of each year.
- C. **SCFMB Head Office:** The Company shall build a head office of the SCFMB during the third quarter of the second year of its operation in the affected community. The construction site of the Office Space shall be determined by the community.
- 5.10 The Company agrees to build company camps near existing towns or dependent areas, to the extent feasible.
- 5.11 The Company agrees not to harvest palm trees for processing, bridge construction and/or export.
- 5.12 The Company agrees to rehabilitate and maintain the roads from Zualay to Nuopea and Zeongehn to Zuotuo. The total of 19km. within Doe Chiefdom and also repair bridges using concrete or steel materials. Construction of these roads shall begin in the second year of operation.
- 5.13 The Company agrees that the Community shall use, free of charge, any roads constructed and/or maintained the Company provided, however, that such use shall not unduly prejudice or interfere with either party.
- 5.14 **SCFMB** agrees to educate the entire community that once any road and bridge is constructed, it becomes the responsibility of the Community and the Company to maintain them.
- 5.15 The Company agrees to have SCFMB Representative(s) monitor and verify production. All expenses of this representative(s) shall be at the expense of the SCFMB.
- 5.16 The Company agrees to provide first preference for employment for skilled and unskilled labor to including security officers and Human Resource Manager among others the dependent communities in the boundaries of the commercial logging area.
- 5.17 The Company agrees to afford equal opportunities for the employment of women in the skilled and unskilled labor force in the commercial logging area.

This agreement does not cover the harvesting of non-timber forest products. The Community retains exclusive right over the use and harvesting of non-timber forest product or the contracting of its use or harvesting to a third party.

7. OBLIGATIONS OF UNIVERSAL FORESTRY COOPERATION (UFC),

- 7.1 The Company must ensure that all of its operations and activities are in full compliance with the laws of Liberia.
- 7.2 The Company must ensure respect for all local customary laws.
- 7.3 The Company must ensure transparent reporting to SCFMB at all times during the life of this Agreement.

8. OBLIGATIONS OF SEHZUEPLAY COMMUNITY FOREST

- 8.1 The community shall ensure that the SCFMB shall be the sole entity responsible for official interaction with the Company to avoid any misunderstanding.
- 8.2 The community shall ensure that it performs and maintains full education and information to its clan members to avoid confusion arising from operation.
- 8.3 The Community must ensure full access to the Company to the contracted area at all times for the duration for this Agreement.
- 8.4 The Community shall protect The Company from any challenges to its right to manage the contractual area, whether legal, cultural or otherwise, that may arise during the life of this agreement. It shall ensure that the Community refrains from chain sawing in the contracted area.
- 8.5 The Community shall ensure that materials, such as sand, gravel, etc., be made available where applicable without charge of any kind for the Company use in building camp sites, housing units, building and road work within the community forest area. In the case of access roads leading to the community forest area, the Community shall be responsible to ensure that the same materials are available for use by the Company in the affected community forest areas, also without charge to the Company

8.6 FORCE MAJEURE

The parties mutually agree that in the event the Company is prevented from performing its obligation under this Agreement as contemplated and provided herein due to force majeure, this Agreement shall be extended by the period of such force majeure on the request of the Company. Force majeure as used herein is defined as any event beyond the reasonable control of the Company including, but not limited to Acts of God, war, elements of war, civil commotions, armed incursion, armed insurrection, land dispute(s) and fire not attributed to the conduct or negligence of the Company management, its agent and affiliate, which the Company could not have reasonably anticipated or could have been expected to prevent or control.

9. DISPUTE SETTLEMENT

- 9.1 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.

- 9.3 The Arbitration shall be conducted in keeping with arbitral rules under Liberian laws. Each Party shall be responsible for, and shall pay the fees expenses of its appointed/designated arbitrator. The fees and expenses of the third arbitrator shall be shared on equal basis by the parties, while the cost and expenses of the arbitration proceeding itself shall be assigned by the arbitral as it fit and shall be paid by the party adjudged liable to the other or in default of Agreement.
- 9.4 A decision by the majority of the arbitral panel shall be binding on the parties and enforceable in court of law without delving into the merit of the dispute or the award.
- 9.5 In invoking arbitration, a party of this Agreement shall give written notice to other party, stating the nature of the dispute and appointing its arbitrator. The other party must appoint its arbitrator and state 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.

10. GOVERNING LAW

The relevant laws of Liberia, including, but not limited to, the 2016 National Forestry Reform Law, Community Rights Forest Law with Respect to Forestlands.

11. BINDING EFFECT

This Agreement shall be binding on the parties, their successors in office as if they were physically present at the execution of this instrument.

IN WITNESS WHEREOF, WE HAVE HEREUNTO AFFIXED OUR SIGNATURES ON THE DAY AND DATE FIRST MENTIONED ABOVE.

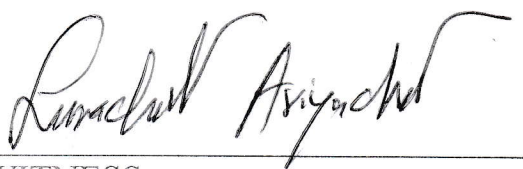
For: The Sehzeuplay Community Forest Management Body (SCFMB)



By: P. Moses Wobuah
P. Moses Wobuah, Chief Officer
Sehzeuplay Community
Forest Management Body

WITNESS

For: **UNIVERSAL FORESTRY COOPERATION (UFC)**



By: Jin S. Kyung
Jin S. Kyung, President/CEO
Universal Forestry Corporation (UFC),

WITNESS

Attested by: Dory