

COMMERCIAL USE CONTRACT

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

- 1) The People of Konobo Authorised Forest Community, Gbardru Chiefdom and Upper Gbilibo Clan, Konobo Administrative District, Konobo Statutory District, 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 its Chief Officer, Alex Czar Quaye, Sr.

AND

- 2) Horizon Logging Ltd, 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 3rd Street, Sinkor, Montserrado County, Republic of Liberia, represented by its Business Development Director, and Partner, Dov Aronovich

WITNESSETH

WHEREAS:

1. CONTEXT

- 1.1. The people of Konobo Authorised Forest Community are the owners of Konobo Community Forest and have the right to access, manage, use and benefit from the Konobo Community Forest in Gbardru Chiefdom and Upper Gbilibo Clan, Konobo Administrative District, Konobo Statutory District, Grand Gedeh Count, Liberia. 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, having duly selected the company with which this contract is to be executed in accordance with its constitution and by-laws, and after having duly consulted and been granted authorization by the Community Assembly and Executive Committee of the Community, is willing to enter into a commercial use contract with the Company.
- 1.3. The Company has affirmed to the CFMB through documentation and other communications that it has the required qualifications to engage in forestry operations as promulgated by the FDA consistent with section 5.2 of the National Forestry Reform Law ("NFRL") of 2006 and is authorized to engage in commercial logging in Liberia; and
- 1.4. Considering the potential for local economic benefits, development and 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

... in consideration of the covenants, agreements and conditions stated 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 40,000 ha of the Konobo Authorised Community Forest, located in Konobo Statutory Grand Gedeh County.
- 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; commencing immediately upon the signing of the Agreement by the Community and the Company. The period of this Agreement shall therefore not exceed 15 years.
- 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. Reviews are scheduled every five years.
- 4.3. As part of the review process, the Parties can renegotiate the terms of this Agreement.
- 4.4. In the year preceding the expiration of the Term certain granted in section 4.1 above, and after a review of the implementation of this Agreement, the Parties may renew this Agreement upon agreed terms and conditions, for an additional period allowing to complete the 15 years harvesting cycle prescribed by the Code of Forest Harvesting Practices; this period will therefore cover 15 years.
- 4.5. If no renewal is negotiated before the

5. PAYMENTS AND PAYMENT TERMS

- 5.1 Land Rental fees:** The Company shall pay 55% of the total annual land rental fee which shall be USD \$1.25/ha directly to the Community. The 55 % land rental fee payable directly to the Community annually shall be US\$ 27,500.00 per year
- 5.2 Cubic meter fees:** The Company shall, on a quarterly basis, pay USD\$3.00 per cubic meter of trees harvested as reflected in the Tree Data Forms and the production record. 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. Horizon Logging company also agree to construct and operate a sawmill within one year of the agreement (2022).
- 5.3 Percentage of Profit:** The Horizon Logging Ltd. will pay to the Community ten percent (10%) of its profit every two shipments from the operations of the Konobo Authorized Community. The term "profit" under this agreement, shall mean the remainder of funds, after deduction of all costs, including but not limited to operation costs, regulation costs, financing cost, managing costs, taxes, shipping marketing and all other costs.
- 5.4 Monitoring and protection payments:** The Company will transfer USD \$2,400.00 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.
- 5.5 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 and no later than December 31 of each year.

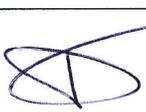
6. LOCAL EMPLOYMENT AND TRAINING

- 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

7.1 The company will build the following roads and bridges:

	Location:	Starting date:	Performance indicator date:
1	Road from Ziah Town to Sayuoh Town	November 1, 2021	10 kilometres up to August 31, 2022.



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2	Road from Ziah Town to Druwar Town	After finishing 10km of the road from Ziah Town to Sayuoh Town the Horizon will shift the machines to this road base on the consent of the CFMB	10 kilometre, 2km monthly.
	The CFMB shall be eligible to negotiate with the Company the switch in the works between the above mentioned 2 roads.		
3	All major Bridges from Ziah Town to Sayuoh Town	01/11/2021	All bridges (concrete) shall be constructed along with the road construction timeline. Following the road construction
4	All major Bridges from Ziah Town to Druwar		All bridges (concrete) shall be constructed along with the road construction timeline. Following the road construction

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	Shall built a total of 22 hand in the Community. One hand pump shall be constructed in each of the 22	January 2022	January 2024	US\$1500 per Hand pump (US\$ 33,000.00 for all hand pumps)

Latrines				
1	<p>Shall built a total of 22 Latrines in the Community.</p> <p>One Latrine shall be constructed in each of the 22 towns.</p>	January 2022	January 2024	US\$1,000 per Latrine (US\$ 22,000.00 for all Latrine)
Schools -				
1	<p>Construct and equip one Modern Vocational Training Center in Ziah Town</p> <p>Vocational Center shall have a minimum 22 classrooms, 7 offices plus other modern facilities</p>	July 2023	December 2023	Up to US\$200,000.00
Clinic -				
1	<p>Construct and equip a 22-bedroom modern Healthcare Centre in Gbardru Chiefdom excluding offices</p>	January 2023	August 2023	Up to US\$200,000.00

- 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. After the completion of the above infrastructure by The Company, The Company shall deliver the Infrastructure to the CFMB, and the CFMB shall be responsible for the maintenance and staffing of all community infrastructure the Company shall build and for as far as the Government of Liberia does not provide staffing and/or maintenance. For the removal of any doubt, the Company shall not be held responsible and/or accountable for the Staffing, maintenance, and any other responsibility regarding the community infrastructure after the completion of the its building process.
- 7.5. Where needed and subjected to the Company's consent, 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 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



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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 establish and maintain a tree nursery of indigenous and commercially valuable tree species to replace the species that were felled. The company will employ 10 (persons) Community members to operate the tree nursery and to replant and maintain produced trees.

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 this Agreement;
- b) The Company has prepared and submitted the strategic forest management plan, the first 5-year operational plan and the first annual operational plan as provided for in clause 11 of this Agreement;
- c) The Company has organised and held an inception meeting as provided for in clause 11 of this Agreement;
- 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;
- 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.

10.2. Company's Obligations: The Company:



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- a) 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;
- b) shall post an annual performance bond totalling the cost of one year of all payments provided for in this Agreement;
- c) will take reasonable and proper care in carrying out its activities and shall avoid deliberately or negligently causing damage;
- d) shall ensure that timber operations will be timed and organised to minimize disruption to subsistence agriculture and cash/food crop production;
- e) shall preserve and protect non-timber forest products, wildlife, water collection points and respect cultural norms and practices;
- f) shall share and co-sign a copy of the record of production mentioning the total amount of logs harvested, their average diameter, length and their volume (calculated according to the formula included in Annex C) and 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;
- g) agrees to provide transportation to the Communities during emergency situations, including but not limited to medical emergencies and natural disasters. Where possible the Company shall endeavour to also provide rescue shelters.

11. PLANNING, MONITORING AND IMPLEMENTATION

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

- a) A strategic forest management plan
- b) 5-year operational plan
- c) 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 one month after the signature of this Agreement.

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

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.

13. USE OF LIBERIAN GOODS AND SERVICES:

The Parties mutually agree that the Company, to the maximum extent possible, shall give preference to material and goods manufactured in Liberia when purchasing such materials and goods; and engage Liberian citizens or Liberian Corporations in the provision of services.

14. DAMAGES

Horizon Logging LTD in case of an accident on the Job resorting to (loss of life, Property damage etc) *The company's liability shall be limited to a maximum sum \$80,000 USD per case, and any legal proceedings and legal action taken by any party to this agreement against the company shall be limited to this amount per case. Said liability amount shall be subjected to the proof of negligence and required evidence to prove the damages reaching said amounts, and to the non-payment on behalf of the relevant insuring insurance company.*

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:
 - a) 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.
 - b) 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.
 - c) 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.
 - d) 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

- it pays all obligations due to the Community represented by the CFMB;
- 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.

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

- a) any rights of the Parties which may have accrued, and any debts which were due before the end date shall not be affected;
- b) any future rights to the Community Forest for the Company will be relinquished;
- c) 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: C/O The Business Development Director
Horizon Logging Ltd
3rd Street Sinkor
Monrovia, Liberia

For CFMB: C/O Chief Officer
Konobo Community Forest
Ziah Town, Konobo District
Grand Gedeh County, Liberia

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 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 Party thereto, their successors-in-business, their heirs, assigns, attorneys-in-fact and/or agents, as though they participated in the negotiation of this Agreement.

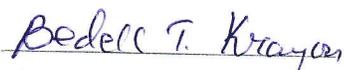
26. SIGNATURES

26.1. In witness whereof, we the P hereto, here unto affix our signatures and seals on this 14th day of May A. D. 2021.

For the CFMB

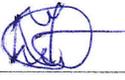
Signature: 

Name: Alex Czar Quaye Sr.
Chief officer CFMB

Signature: 

Name: 
Secretary CFMB

Treasurer CFMB

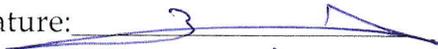
Signature: 

Name: Randall Dey Dwech
Member of CFMB

Signature: 

Name: Isaac Wulu Yarlu
Chairman Executive Committee

For the Company

Signature: 

Name: Dov Aronovich
Business Development Director and Partner

Signature: 

Name: Dov Aronovich
Position: Director and partner.

In the presence of:

Signature: 
Name: Roland B. Gai

Signature: 
Name: Samuel Wulu Zulu

Signature: 
Name: Moses Cherue

Signature: 
Name: Irene Vokar Wilson
National Union of the Community
Forest Management Bodies

APPROVED BY FORESTRY DEVELOPMENT AUTHORITY

Signature: 
C Mike Doryen
Managing Director

ANNEX A: DETAILED TERMS AND CONDITIONS

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

- 1.1 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.
- 1.2 The right to extract and sell logs does not include the right to extract and sell non-timber forest products. Any waste wood not used or sold by the Company shall be made available to the Community for local uses and charcoal production as the Community decides.

2.1 DETAILED TERMS FOR CLAUSE 5: PAYMENTS AND PAYMENT TERMS

- 2.2 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 after the signing of this Agreement and before the inception meeting, at the latest within One (1) month from the date of signing 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.
- 2.3 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. The cubic metre fees will be paid for all logs produce by the company, and shall 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). Only logs harvested for commercial purposes shall give rise to corresponding payments of cubic meter fees.
- 2.4 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. The first payment shall be made before the inception meeting, at the latest within one (1) month of the date of signature of this Agreement.
- 2.5 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 Agreement. Payments in cash are not allowed.
- 2.6 Evidence of payment, that is the deposit slip or information on wire transfer, shall

- 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.
- 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.

4 DETAILED TERMS FOR CLAUSE 7: ROADS AND COMMUNITY INFRASTRUCTURE

- 4.1 Road construction and rehabilitation mentioned under 7.1 and 7.2 of the Agreement shall start with primary roads first. Where primary roads are (insufficiently) identified in the Community Forest Management Plan their identification will be included in the Company's 5-year operational plan. Road building shall be subject to quality and other standards applicable under the Code of Forest Harvesting Practices.
- 4.2 The bridges the Company agrees to build under 7.1 of the Agreement or in the 8-year operational plan shall be built in concrete and steel where these bridges are part of primary roads. Bridges shall, in addition, be subject to quality and other standards applicable under the Code of Forest Harvesting Practices
- 4.3 Where the commercial operations require the construction of additional roads and/or bridges these will be planned for and agreed on as part of the 8 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).
- 4.4 The Company obligation included in clause 7.2 to ensure that roads (especially those used by logging trucks) remain in passable condition for other vehicles to be able to pass means that when the condition of the road makes it impossible for a standard vehicle to pass, repairs and maintenance shall be done within three (3) working days. Planning for road maintenance shall be included in the yearly

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.

a) 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, tree planting 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 including:
 - o soil protection areas
 - o riparian buffer protection areas
 - o ecosystem protection areas
 - o water supply protection areas
 - o plant and protection areas
 - o protected area buffer protection areas
 - o local use areas
 - o cultural site protection areas

8.4 Copies of the abovementioned 5-year and annual operational planning documents shall be submitted to the CFMB ahead of the annual meeting of the year in which they are due, to allow community inputs into the planning 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.

4.6 The Company and Community can agree in the annual operational plan that community infrastructure be paid for by the Company but be built, staffed and maintained by the CFMB.

5 DETAILED TERMS FOR CLAUSE 8: SUSTAINABILITY

5.1 Company responsibility for sustainable management of the Community Forest 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 approved) and the Community Forest Management Plan and cannot take place in areas zoned for multiple use (by the Community) or protection;
- b) The Company shall provide for silvicultural measures including the protection of mother trees;
- c) The Company shall limit commercial operations to a total area of no more than 10% of the total area per year;
- 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 included in the National Wildlife Conservation and Protected Area Management Act of 2016. 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.

5.3 The tree nursery mentioned under 8.3 of the Agreement shall produce commercial and indigenous timber species for replanting in degraded areas. The number of trees produced for replanting shall be equal to or more than four times the number of logs harvested on a yearly basis. The species and locations for replanting shall be determined in the annual operational plan. The Company shall be responsible for staffing, maintaining and all other costs related to the tree nursery and replanting.

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.

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:

- a) 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;
- b) The Performance Bond posted by the Company shall be procured from a reputable bank, valid until one hundred and twenty (120) 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;
- c) 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. This also includes the obligation to use machines with rubber tires whenever possible;
- d) The Company obligation to minimize disruption to subsistence agriculture and cash/food crop production includes a prohibition to harvest palm trees and other types of non-timber trees of economic or cultural importance for any reason including processing, bridge construction or export. If operations affect existing agriculture, the farmer or any CFMB member can inform the Company who will stop operations until additional measures are taken to protect these agricultural activities. Where timber operations will necessarily damage crops or farms the Company shall agree with the farmer on fair compensation before the Company starts working in that area. During these negotiations, the farmer can 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;
- e) 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 will stop operations to avoid further damages and additional measures are taken to ensure protection;
- f) The copy of the record of production shared by the Company at the end of

hereby also grants permission to the CFMB and NUCFMB to request any production-related data from the FDA, SGS or any other relevant institution;

- g) 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 submit the first version of the strategic forest management plan ahead of the first annual meeting. A final strategic forest management plan shall be submitted ahead of the fourth annual meeting.

- a) The first and final version of the strategic forest management plan shall be based on the Community Forest Management Plan and shall comply with section 2 of the Guidelines for Strategic Forest Management Planning.
- b) The strategic forest management plan shall cover both the full term of this Agreement and the possible renewal and shall not exceed 10% of t more than 10% of the total area per year. It shall also make efforts to meet the demands of Code of Forest Harvesting Practices.
- 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 of five (5) forest compartments for production covering no more than 50% of the total area for commercial activities.
- 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

8.8 As provided in 11.4 of the Agreement, the Company shall convene and finance 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.

- Annual meetings with 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:

a) 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
- The first annual operational plan

b) 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 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

compliant Party will be given Thirty (30) days to rectify the situation. Where the non-performance or non-compliance is not rectified within this period, either Party can initiate the dispute resolution mechanism referenced in clause 15 of the Agreement. For the removal of any doubt, it is agreed upon the operations under this Agreement shall not be suspended until a final verdict from the highest relevant court is given, after all appeals have been exhausted, due to the high costs and damages inflicted upon the company in any case of suspension whatsoever.

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 subcontractors, except for its affiliate companies and or connected parties. The Company will at all times remain entirely responsible for the full, timely and correct implementation of this Agreement.
- 9.2 Any subcontracting for the building of community infrastructure is subject to the giving of a prior notice by the Company. The Company will be liable for any breach of contract, delay or damage caused by its subcontractor.
- 9.3 The authorisation of the CFMB to transfer this Agreement to a new agreement with a new company shall be in accordance with its constitution and by-laws, and after having duly consulted and been granted authorization by the Community Assembly and Executive Committee of the Community. If the Company transfers its rights under this Agreement to a 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 15: ENFORCEMENT OF RULES AND DISPUTE RESOLUTION

- 10.2 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 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.
- 10.3 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 of the violations to stop. The CFMB shall inform local authorities, the nearest office of the FDA and the NUCFMB of the reported violations.

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 investigate and prepare a comprehensive report. This report shall clearly identify actions to be taken by the CFMB to rectify any problems identified.
- d) Where a violation or the breach of contract is so serious that it results in a breach of trust, either Party can send a written notice of initiating the arbitration procedure of this Agreement. It is clear that such notice shall not suspend the operations under this agreement. Serious violations and breaches of contract are the following:
 - Violent or abusive behaviour towards Community members/Company employees, whether or not this has resulted in injury
 - Serious damage to Community/Company property or equipment
 - Serious damage to agricultural land or crops, unauthorized hunting and environmental damage or pollution
 - Cutting significant numbers of trees below minimum diameter
 - Under-declaring harvested timber volumes
 - Harvesting significant numbers of trees outside the contract area
 - Theft, bribing or any other serious crime

No suspension of the works shall take place until a final verdict from the highest relevant court after all appeals have been exhausted, due to the high costs and damages inflicted upon the company in any case of suspension whatsoever.

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.

10.7 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.

11 DETAILED TERMS FOR CLAUSE 16: TERMINATION

12.1 Upon termination of the Agreement

- f) any rights of the Parties which may have accrued before the end date shall not be affected
- g) any future rights to the Community Forest for the Company will be relinquished
- h) 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.

12.4 No suspension of the works shall take place until a final verdict from the highest relevant court after all appeals have been exhausted, due to the high costs and damages inflicted upon the company in any case of suspension whatsoever.

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 such as Ebola Virus Disease or Coivd-19, 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:

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.

- c) 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 considered 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.

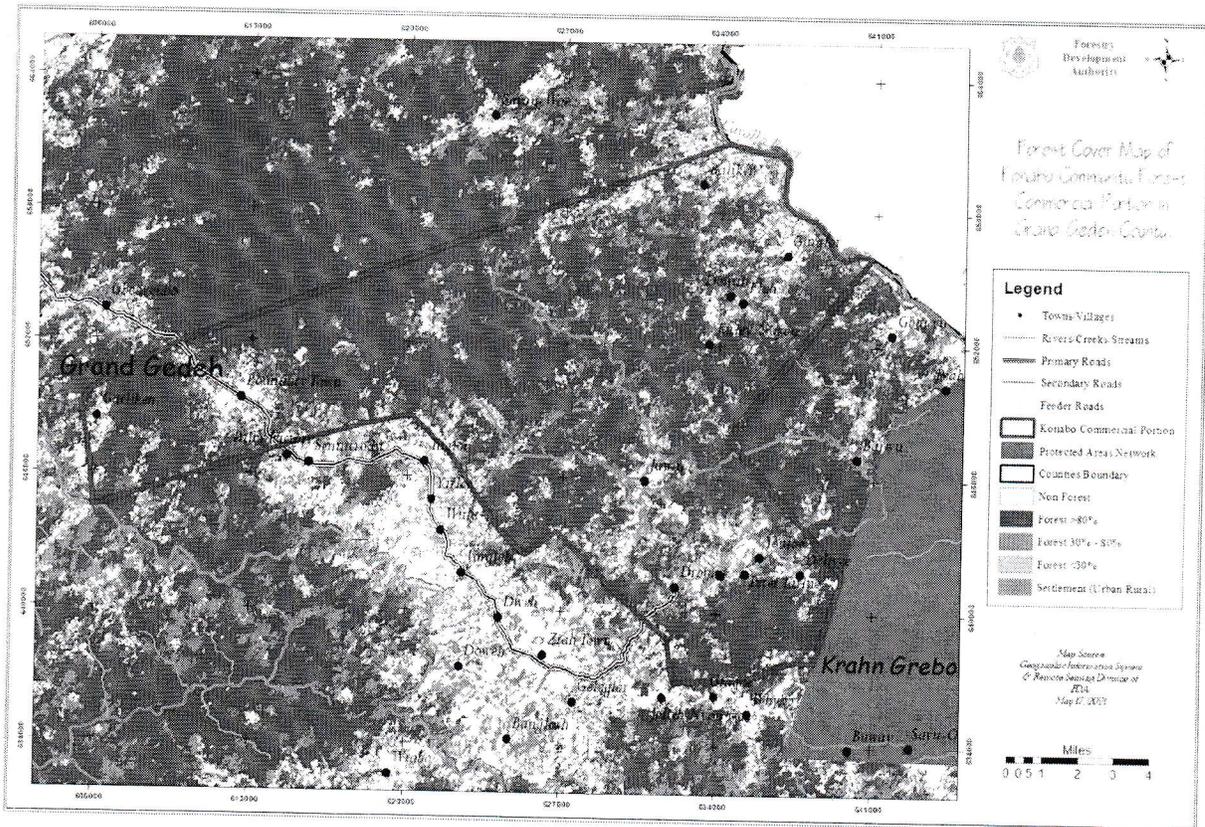
If either Party does not implement the agreement reached at the meeting or does not agree or implement the solution proposed formally in writing by the NUCFMB, either Party can submit the case to arbitration. No suspension of the works shall take place until a final verdict from the highest relevant court after all appeals have been exhausted, due to the high costs and damages inflicted upon the company in any case of suspension whatsoever.

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

- a) 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.
- b) 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.
- c) 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.
- d) 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 delay shall be taken by consensus;
- e) Each P shall be responsible for and shall pay the fees and expenses of its appointed / designated arbitrator. Where needed, the fees and expenses of the third arbitrator shall be shared on an equal basis by the Parties. The

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.

ANNEX B: CUC CONTRACT AREA MAP



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. (Limballi)	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
<i>Pycnanthus angolensis (Ilomba)</i>	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 table.