

# THIRD PARTY FOREST MANAGEMENT AGREEMENT

**THIS THIRD PARTY FOREST MANAGEMENT AGREEMENT**, made and entered into this 4<sup>th</sup> day of March A. D., 2019 by and between **KORNINGA "A" AUTHORIZED COMMUNITY FOREST**, representing **KORNINGA "A" COMMUNITY FOREST MANAGEMENT BODY** located in Korninga Chiefdom, Bopolu District, Gbarpolu County, hereinafter known and referred to as the "**Community**", and **COVEIYALAH INVESTMENT ENTERPRISES, INC**, a company organized and existing under the Laws of the Republic of Liberia, represented by its Executive Officer, Mr. Wang Yue, hereinafter known and referred to as the "**Company**", hereby:

## WITNESSETH:

**WHEREAS**, the people of **KORNINGA "A" COMMUNITY FOREST** are the owners of the **KORNINGA "A" COMMUNITY FOREST** located in Bopolu District, Gbarpolu County; and

**WHEREAS**, the people of **KORNINGA "A" COMMUNITY FOREST** have entered into an agreement with the Government of Liberia, by and through the **Forestry Development Authority (FDA)** for the sustainable management and use of its forest resources in line with the Forestry Laws of Liberia; and

**WHEREAS**, the people of **KORNINGA "A" COMMUNITY FOREST** 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 2009 and its attending regulations; and

**WHEREAS**, **COVEIYALAH INVESTMENT ENTERPRISES, INC** is a duly registered and qualified Company with a Pre-Qualification Certificate from the Government of Liberia authorizing it to engage directly or indirectly in logging activities in the Republic of Liberia; and

**WHEREAS**, **COVEIYALAH INVESTMENT ENTERPRISES, INC** has represented to the people of **KORNINGA "A" Community Forest** through the **KORNINGA "A" Community Forest Management Body** that it is disposed to manage their Community Forest for commercial purpose to further the development of the people of **KORNINGA "A" Community Forest**; and

**WHEREAS**, **KORNINGA "A" COMMUNITY FOREST MANAGEMENT BODY** has consented and determined it to be in the best interest of the people of **KORNINGA "A" Community Forest** for **COVEIYALAH INVESTMENT ENTERPRISES, INC**, 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 Bopolu District, Gbarpolu County, Republic of Liberia and covers a total area of **48,296 hectares/ 119,291.12 acres** 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 **fifteen (15) years** which shall commence immediately upon the signing of this Agreement between the **KORNINGA COMMUNITY FOREST MANAGEMENT BODY (KACFMB)** 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 review after the **five (5) years** of implementation of this agreement. This agreement shall be deemed terminated if the Company fails to commence harvesting operations within **twelve (12) months** following the signing of this agreement.

### **3. FISCAL CONSIDERATION**

3.2 **COVEIYALAH INVESTMENT ENTERPRISES, INC** shall pay the amount of **US\$ 2.50 (Two Dollars and Fifty Cents United States Dollars)** for every cubic meter of log felled to the Community on a quarterly basis. The first payment shall be made at the end of the first three (3) months following the commencement of harvesting operations. **COVEIYALAH INVESTMENT ENTERPRISES, INC** shall furnish the Community with copies of **Log Data Form (LDF)**, which shall serve as the official source to determine actual volume felled. The 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 **COVEIYALAH INVESTMENT ENTERPRISES, INC** with its bank account number(s) and other banking information required for such deposit(s).

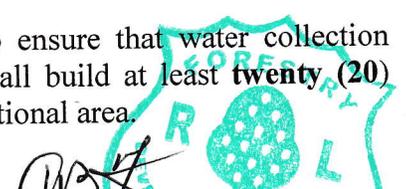
#### **4. REQUIREMENTS BEFORE COMMERCIAL FELLING**

It is mutually understood and agreed by **COVEIYALAH INVESTMENT ENTERPRISES, INC** and the Community 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 **KORNINGA "A"** Authorized Community Forest Management Body, having identified their representative body, firstly the **KORNINGA "A"** Authorized Community Assembly and the **KORNINGA "A" Community Forest Management Body (KACFMB)**, 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 **KACFMB** shall in anyway represent himself/herself/themselves as the authorized representatives of the people of **KORNINGA "A" Community Forest** in relation to any terms of this Agreement , including financial payments or social obligations. It is mutually understood and agreed by **COVEIYALAH INVESTMENT ENTERPRISES, INC** and the Community that:

1. **KACFMB** has the power to negotiate on all affected Community's behalf.
2. **KACFMB** shall provide a list of its members and be responsible to inform the Company of any change to its membership immediately.
3. **KACFMB** and the Company hereby agree and stipulate that the social commitment to the people of **KORNINGA "A" COMMUNITY FOREST** shall follow the guidelines as prescribed by the Forestry Development Authority.
4. **KACFMB** agrees to inform the Company of all relevant traditional practices and regulations to ensure compliance.
5. **KACFMB** agrees that the Community shall be educated to avoid the expansion of subsistence agriculture activities within the commercial area and that where possible assist any existing agricultural activity to relocate.
6. **KACFMB** agrees to educate the community to discourage unnecessary fire disposal and encourage fire safety practices especially in contract area.
7. **COVEIYALAH INVESTMENT ENTERPRISES, INC** 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 **KORNINGA "A" COMMUNITY FOREST**.
8. **COVEIYALAH INVESTMENT ENTERPRISES, INC** agrees to ensure that water collection points are protected and maintained. Additionally, the Company shall build at least **twenty (20)** modern hand pumps within each the affected communities in its operational area.



9. **COVEIYALAH INVESTMENT ENTERPRISES, INC** agrees that its timber operations shall be timed to minimize disruption to subsistence agricultural activities.
10. **COVEIYALAH INVESTMENT ENTERPRISES, INC** agrees that its timber operations shall respect the community's or its member's rights to the existing cash crops within the Community Forest Management Area. The Company shall compensate for the value of crops destroyed at market hand any other damage resulting from destroying cash crops.
11. **COVEIYALAH INVESTMENT ENTERPRISES, INC** agrees to participate substantially in community development programs. The Company shall do the following:
  - A. **Scholarship Fund:** The **Company** shall make an annual contribution of **US\$15,000.00** annually.
  - B. **Medical Facility:** The **Company** shall build a modern health center for its employees and the people of the community and the people will be treated at a minimum cost. The construction of this health center shall begin in the first year of harvesting operations and ends in the second year.
  - C. **Latrines:** The **Company** shall build at least twenty (20) modern latrines in the community and the construction of these latrines shall be completed within the second year of harvesting operations,
  - D. **Road Projects:** The **Company** shall build concrete bridges with concrete coverts on all crossing points on the primary roads (roads leading to towns and villages) in the affected communities and solid log bridges on all rivers or creeks on secondary roads. The construction of log bridges on primary roads shall begin in the first year of harvesting operations. All main roads in the company operational area shall be 23 meters wide.
  - E. **School:** The **Company** shall help to upgrade and expand the three (3) existing Government elementary schools to Junior High Schools and build one Central High School in collaboration with the Ministry of Education. This upgrade and expansion shall begin and end in the second year of harvesting operations while the construction of the Central High School shall commence in the third year of harvesting operations and end in the fifth year.
  - F. **Wood Science College:** The **Company** shall build one Wood Science College in the community. The construction of this college shall begin during the first year of harvesting operations and end in the fifth year.
12. **COVEIYALAH INVESTMENT ENTERPRISES, INC** agrees to build and maintain company camps with durable materials and concrete bricks near existing towns or dependent areas, to the extent feasible.
13. **COVEIYALAH INVESTMENT ENTERPRISE, INC** agrees to build a **plywood factory** and **saw mill** along with a **mini hydro** within the community forest area to process timber products for local and export markets. When the Saw Mill shall have become operational, timber products shall be provided to the community during community project undertakings. Initial preparatory work will begin in year three (3) and completely end in year eight (8).
14. **COVEIYALAH INVESTMENT ENTERPRISES, INC** agrees not to harvest palm trees for processing, bridge construction and/or export.
15. **COVEIYALAH INVESTMENT ENTERPTISES, INC** agrees to have **KACFMB** representative(s) monitor and verify production. All expenses of this representative(s) shall be at the expense of the **KACFMB**.
16. **COVEIYALAH INVESTMENT ENTERPRISES, INC** agrees to provide first preference for employment for skilled and unskilled labor to the forest dependent communities in the boundaries of the commercial logging area. The company shall build the capacity of unskilled community members where applicable to enable them acquire the necessary
17. **COVEIYALAH INVESTMENT ENTERPRISES, INC** agrees to afford equal opportunities for the employment of women in the skilled and unskilled labor force in the Commercial logging area.

## 6. NON-TIMBER FOREST PRODUCTS

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 COVEIYALAH INVESTMENT ENTERPRISES, INC.

- 7.1 **COVEIYALAH INVESTMENT ENTERPRISES, INC** must ensure that all of its operations and activities are in full compliance with the laws of Liberia.
- 7.2 **COVEIYALAH INVESTMENT ENTERPRISES, INC** must ensure respect for all local customary laws.
- 7.3 **COVEIYALAH INVESTMENT ENTERPRISES, INC** must ensure transparent reporting to **KBCFMB** at all times during the life of this Agreement.

## 8. OBLIGATIONS OF KORNINGA AUTHORIZED COMMUNITY FOREST

- 8.1 The community shall ensure that the **KACFMB** 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 where possible, that materials, such as sand, gravel, etc., be made available without charge of any kind for **the Company** use for building camp sites, housing units, building and road work within the community forest area.

## 9. FORCE MAJEURE

The parties mutually agree that in the event **the Company** is prevented from performing 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 **a party**, 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 **a party**, its management, agent and/or affiliate, which the party could not have reasonably anticipated or could have been expected to prevent or control.

## 10. DISPUTE SETTLEMENT

- 10.1 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.

- 10.4 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.
- 10.5 In invoking arbitration, a party of this Agreement shall give written notice to other party, stating the nature of the dispute and appointing its arbitrators. 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.

**11. GOVERNING LAW**

The relevant laws of Liberia, including, but not limited to, the National Forestry Reform Law, Community Rights Forest Law with Respect to Forestlands and other local laws shall govern this agreement.

**12. 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.

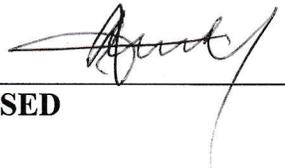
**IN WITNESS WHEREOF, WE HAVE HEREUNTO AFFIXED OUR SIGNATURES ON THE DAY AND DATE FIRST MENTIONED ABOVE.**

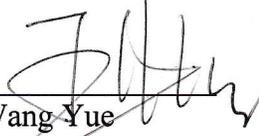
**FOR: KORNINGA "A" AUTHORIZED COMMUNITY FOREST**

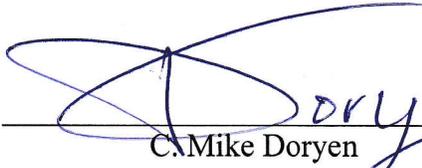
\_\_\_\_\_  
 WITNESS 

By: \_\_\_\_\_  
  
 Johnson B. Flomo  
 Chief Officer  
 Korninga "A" CFMB

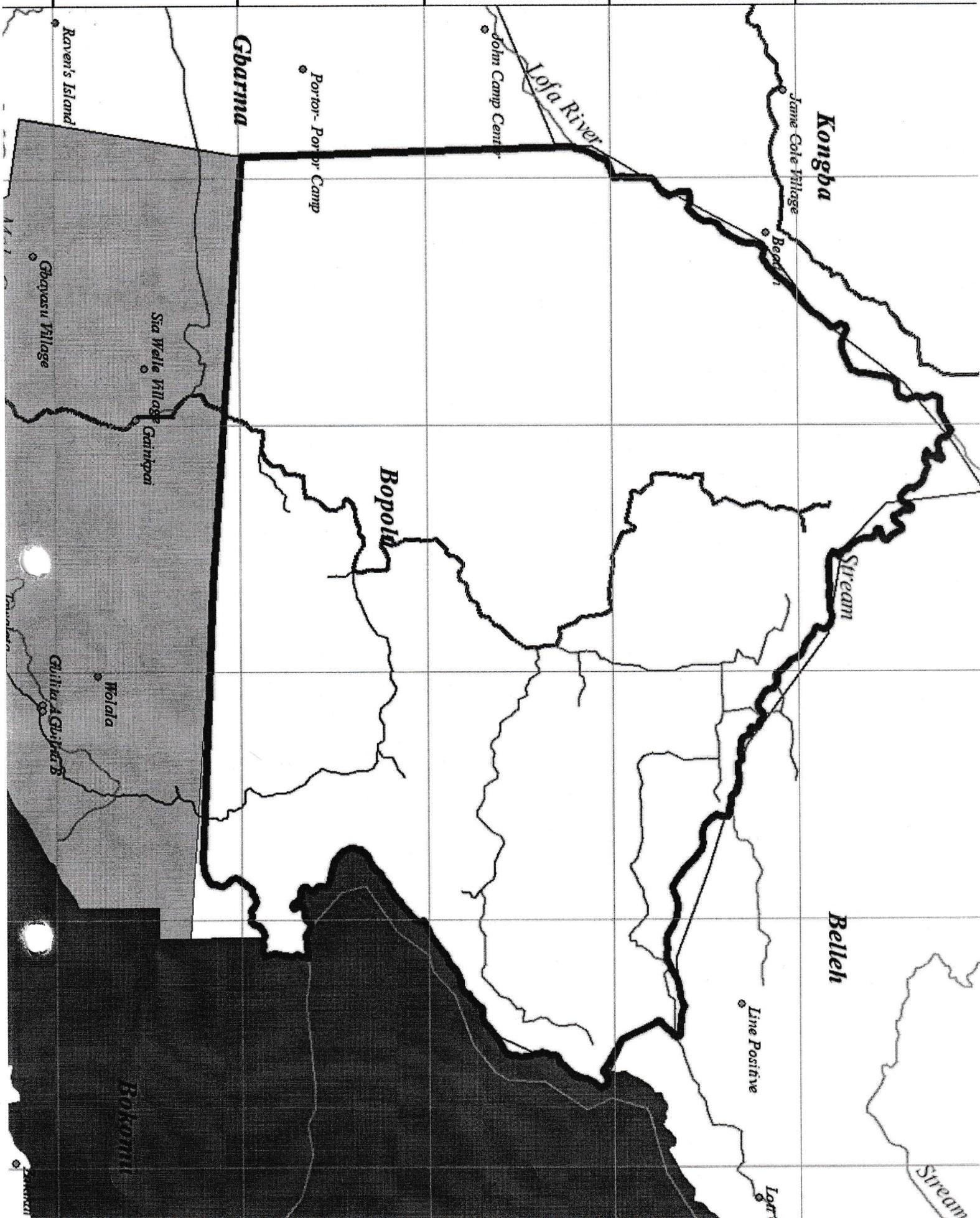
**FOR: COVEIYALAH INVESTMENT ENTERPRISES, INC.**

\_\_\_\_\_  
 WITNESSED 

By: \_\_\_\_\_  
  
 Mr. Wang Yue  
 Chief Executive Officer

Attested by: \_\_\_\_\_  
  
 C. Mike Doryen  
 Managing Director  
 Forestry Development Authority







*Location Map  
of Korninga A  
Community Forest  
with  
(48,296 Hectares/  
119,342 Acres)  
located in  
Bopolu District,  
Gbarpolu County.*

*Map Source:  
Geographic Information System  
& Remote Sensing Division  
of FDA  
June 20, 2016*

- Legend**
- Towns/Villages
  - Rivers/Creeks/Streams
  - Primary Roads
  - Secondary Roads
  - Tertiary Roads
  - Protected Areas
  - Districts Boundary
  - ▨ Korninga B CF
  - Korninga A CF



Miles

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## **METES AND BOUNDS OF KORNINGA A COMMUNITY FOREST**

The Korninga A Community Forest lies within Latitude 340483 838167 North of the equator and Longitude 340417 809262 West of the Greenwich Meridian and is located in Bopolu District, Gbarpolu County, Liberia/West Africa.

Commencing at a point (29 N 343303 814072) on the surface of the earth, thence a line runs N 3° W for 11,104 meters to a point (343030 824839) on the Lofa River; thence a line runs Northward along said River for 17,905 meters to the conference of a Stream; thence a line runs Southward along said Stream for 33,881 meters to a point (371356 827315); thence a line runs S 26° E for 1,287 meters to a points (371889 826228) thence a line runs S 62° E for 1,127 meters to a point (372815 825705) on the Tuma Creek; thence a line runs Southward along said Creek for 18,491 meters to the conference of a Stream; thence a line runs Southward along said Stream for 6,227 meters to a point (366131 812726); thence a line runs N 87° W for 22,853 meters to the point of Commencement, embracing a total area of 48,296 Hectares/119,342 Acres of Forestland and **NO MORE**.