

THIRD PARTY FOREST MANAGEMENT AGREEMENT

THIS THIRD PARTY FOREST MANAGEMENT AGREEMENT, made and entered into this 25th day of June A. D., 2017 by and between **SEWACAJUA COMMUNITY FOREST MANAGEMENT BODY**, representing **SEWACAJUA COMMUNITY FOREST** located in Seekon, Carbardae, Wedjah, and Juarzon Districts, Sinoe County, hereinafter known and referred to as the "Community", and **MANDRA FORESTRY LIBERIA LIMITED.**, a Corporation organized and existing under the Laws of the Republic of Liberia, represented by its General Manager, Augustine B.M Johnson, hereinafter known and referred to as "Mandra or Company", hereby:

WITNESSETH

WHEREAS, the people of **SEWACAJUA COMMUNITY** are the owners of the Sewacajua Community Forest in Carbarde, Wadjah, Seekon, and Juarzon Districts, Sinoe County; and

WHEREAS, the people of Sewacajua Community Forest 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 Sewacajua 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, Mandra Forestry Liberia Limited is a duly registered and qualified Company with a Pre-Qualification Certificate to engage directly or indirectly in logging in the Republic of Liberia; and

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

WHEREAS, Sewacajua Community Forest Management Body has consented and determined it to be in the best interest of the people of Sewacajua Community Forest for Mandra to commercially manage their forest under this Third Party 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 Sinoe County, Republic of Liberia and covers a total area of **31,936 hectares / 78,915 acres** as detailed in the attached Annex A.

2. DURATION OF AGREEMENT

This Third Party 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 Sewacajua Community Forest Management Body (SCFMB) and Mandra. It is agreed by the parties that upon the termination of this agreement after the fifteen years, the Community shall have the right to make any further determination as to the use of their forest. It is mutually understood that this Third Party Agreement and its implementation shall be subject to

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3.1 Mandra shall pay the amount of US\$1.25 (United States Dollars One 25/100) per hectare annually for land rental fee in accordance with the National Forestry Reform Law. This fee shall be paid directly to the Forestry Development Authority (or its designated agent). The FDA in accordance with the Community Rights Law with Respect to Forests Land shall remit fifty five percent (55%) of the collected Land Rental to the SCFMB in a timely manner. Mandra shall inform SCFMB of its payment of the Land rental at the time of each payment.

3.2 Mandra shall pay the amount of US\$ 1.75 (United States Dollars One 75/100) as cubic meter fee (benefit) to the Community for every cubic meter of logs harvested and transported by Waybill. Mandra 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 Mandra 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 Mandra and SCFMB that no commercial felling shall commence until the completion of all pre-felling requirements established by the FDA. .

5. SOCIAL AGREEMENT

The people of Sewacajua Community Forest, having identified their representative body, firstly the Sewacajua Community Assembly and the Sewacajua Community Forest Management Body(SCFMB), to represent them 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 Sewacajua Community Forest in relation to any terms of this Agreement, including financial payments or social obligations. It is mutually understood and agreed by Mandra and SCFMB that:

1. **SCFMB** has the power to negotiate on all affected community's behalf.
2. **SCFMB** shall provide a list of its members and be responsible to inform **Mandra** of any change to its membership immediately.
3. **SCFMB and Mandra** hereby agree and stipulate that the social commitment to the people of Sewacajua Community Forest shall follow the guidelines as prescribed by the Forestry Development Authority.
4. Mandra 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 Sewacajua Community Forest.
5. **SCFMB** agrees to inform **Mandra** of all relevant traditional practices and regulations to ensure compliance.
6. **SCFMB** agrees to ensure that water collection points are protected and maintained. Mandra shall construct one (2) two compartment concrete latrines within each town in the affected community. Mandra shall also construct at least one hand pump in each of the fourteen (14) towns. In the case where there is a damaged or existing hand pump, it shall be rehabilitated by Mandra. Construction of the hand pumps and latrine shall be completed in the second year of Mandra's operation. The site/location of the construction shall be determined by the SCFMB. Rehabilitation of damaged and existing pumps shall commence and be completed in the second year. Assessment of the damaged and existing pumps shall be done by the Parties within two months after the signing of this agreement.
7. Mandra agrees that its timber operations shall be timed to minimize disruption to subsistence agricultural activities. In the case where existing cash crops are damaged during the company's operation, negotiation shall be directly between the cash crop

8. Mandra agrees that its timber operations shall respect the existing cash crops within the Community Forest Management Area.
9. Mandra agrees to participate substantially in community development programs, such as human resource development, construction of clinics, etc....
- A. **School:** The Company shall build, in the second year of its operation two elementary schools and two junior high schools in the affected community. The schools must be completed by the end of the third year of operation. The school must be consistent with the Ministry of Education plan for school construction. The construction site shall be determined by the community.
- B. **Clinic:** The Company shall build in the first three years one Clinic in the affected community. The clinic must be completed by the end of the first three years. The Company shall provide US\$1,500.00 (United States Dollars One Thousand Five Hundred) every six months to the four existing clinics until the clinic is constructed by the Company. The construction site of the Clinic shall be determined by the community.
- C. **Human Resource:** Mandra shall provide US\$10,000.00 annually to the community to fund scholarships for deserving students.
10. Mandra agrees to assist the Community or member/members thereof with transportation during emergency situation and major development activities. Mandra and SCFMB agree that the community can request transportation in the event of emergency.
11. Mandra agrees to build company camps near existing towns or dependent areas, to the extent feasible.
12. Mandra agrees not to harvest palm trees for processing, bridge construction and/or export.
13. Mandra agrees to build and maintain roads in the affected Community and also construct bridges on primary and secondary roads with solid durable wood like Ekki or other hard wood for longer life. Roads construction shall begin in the soonest time possible after the signing of this agreement. Roads to be constructed shall include the Seekon road from Gbalawein to Jude's Town, from Billibokree to Toboe's Town, the rehabilitation of the road from Cherue Town to Senowen Town, from Karmo's Town to Plandialibo.
14. Mandra agrees that the Community shall use, free of charge, any roads constructed and/or maintained by Mandra provided, however, that such use shall not unduly prejudice or interfere with either party.
15. SCFMB agrees to educate the entire community that once any road and bridge is constructed, it becomes the responsibility of the Community and Mandra to maintain them. The Community's responsibility of road maintenance shall be limited to road side brushing.
16. Mandra agrees to have SCFMB representative(s) monitor and verify production. All expenses of this representative(s) shall be at the expense of the SCFMB.
17. Mandra agrees to provide first preference for employment for skilled and unskilled labor to the dependent communities in the boundaries of the commercial logging area. Moreover, said preference will include some managerial positions such as Human Resource Manager, PRO etc based on competence. All of such preferential employment shall be made consistent with Liberia's Labor Law.
18. Mandra agrees to afford equal opportunities for the employment of women in the skilled and unskilled labor force in the commercial logging area.
19. SCFMB agrees that it shall operate completely within the guidelines and regulations prescribed by Forestry Development Authority.
20. SCFMB agrees that the Community shall be educated to avoid the expansion of subsistence agriculture activities within the commercial area and that whenever necessary assist any existing agricultural activity to relocate.
21. SCFMB agrees to educate the community to discourage unnecessary fire disposal and encourage fire safety practices especially in contract area.

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

8. OBLIGATIONS OF SEWACAJUA COMMUNITY FOREST

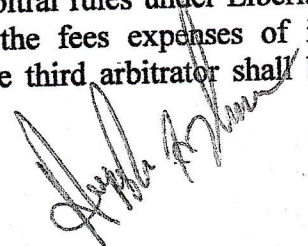
- 8.1 The community shall ensure that the SCFMB shall be the sole entity responsible for official interaction with Mandra, to avoid any misunderstanding.
- 8.2 The community shall ensure that it performs and maintains full education and information to its clan members to avoid confusion arising from operation.
- 8.3 The Community must ensure full access by Mandra to the contracted area at all times for the duration for this Agreement.
- 8.4 The Community shall protect Mandra 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.
- 8.5 The Community shall ensure that materials, such as sand, gravel, etc., be made available without charge of any kind for Mandra 's 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 Mandra 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 Mandra. Force majeure as used herein is defined as any event beyond the reasonable control of Mandra, 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 Mandra management, its agent and affiliate, which Mandra 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 whosoever which cannot be resolved through the direct consultations and negotiations by and between the parties shall be referred to arbitration by the affected party
- 10.2 Arbitration shall be conducted by an arbitral panel of three (3) persons; one (1) arbitrator shall be named by each party. The third arbitrator, who shall act as chairman of the arbitral panel, shall be the Managing Director of the Forestry Development Authority or his/her designated representative
- 10.3 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.

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 arbitrations. 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.

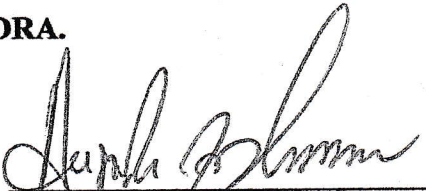
For: The Sewajua Community Forest Management Body (SCFMB)

By: 
Alfred N. Toteh, Chief Officer
Sewacajua Community Forest Management

WITNESS

Body

For: MANDRA.

By: 
Augustine B. M. Johnson, General Manager
Mandra Forestry Liberia Limited

WITNESS

Attested by: 

Darlington S. Tuagben, Managing Director
Forestry Development Authority

MAP OF SEWACAJUA COMMUNITY FOREST

