

SOCIAL AGREEMENT
Between
SUN YEUN CORPORATION LTD
COMMUNITY FORESTRY DEVELOPMENT COMMITTEE (CFDC)
OF
TIBER SALES CONTRACT (TSC) AREA- 16
PORKPA & GOLAKONNEH DISTRICT, Grand Cape Mount County, Liberia

Forestry Development Authority



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LEGAL REQUAIREMENT FOR THE FORMATION OF CFDC

This Social Agreement (agreement) is hereby made and entered into by and between the **SUN YEUN CORPORATION LTD**

, hereinafter referred to as **SUN YEUN CORPORATION LTD**

, the communities of Cape Mount County ,Community Forest Development Committee(CFDC), hereinafter referred to as the Communities, for Timber Sales Contract area "A, and attested to as to its completeness by the Forestry Development Authority, Monrovia, Liberia, hereinafter referred to as the FDA, under the provisions of the 2006 National Forestry Reform Law, and FDA Regulation No. 105-07 Regulation on Major Pre-felling Operations under Forest Resource Licenses.

TECHNICAL DESCRIPTION OF THE AREA

Technical description of SUN YEUN/Timber Sale Contract "A-16"

SUN YEUN Concession/Timber Sale Contract A-16 lies within Latitudes 7°7'12" - 7°10'48" North of the equator and Longitudes 11°3'36" - 11°12'0" West of the Greenwich meridian and it is located in Grand Cape Mount County-Liberia.

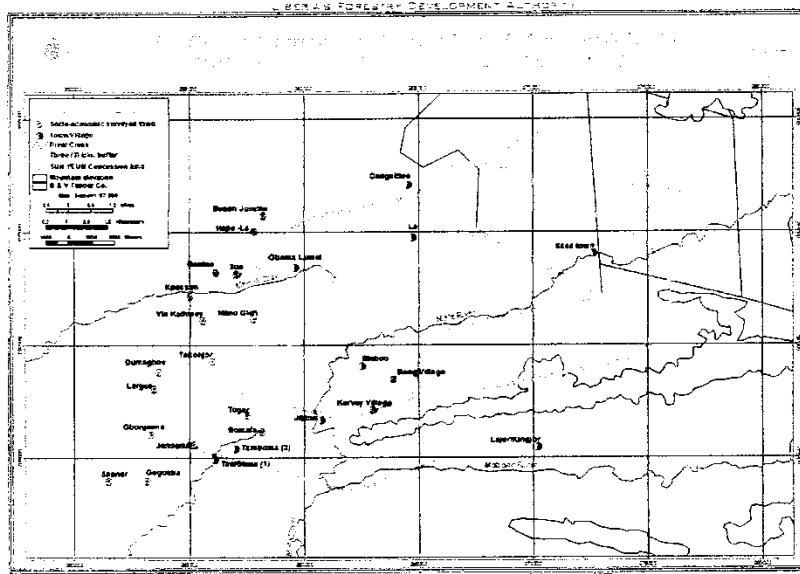
SUN YEUN Concession/Timber Sale Contract A-16 is 34 miles south of the Atlantic Ocean and 102 miles assessable by road to the Port of Monrovia.

2.1 Metes and Bounds

Starting from the town of Tokonjor, (7°08'05.86"N-11°12' 32.52"W) thence a line runs S 31° E for 464 meters to the point of COMMENCEMENT; (7°07'52.75"N-11°12' 24.88"W); thence a line runs S 28° E for 813 meters to a point (7°07'29.28"N-11°12'12.65" W); thence a line runs S 74° E for 5,539 meters to a point (7°06'40.45" N-11° 09'19.96" W); thence a line runs N 69° E for 2,971 meters to the point (7°07'14.46"N-11°07'48.62"W); thence a line runs N 11° E for 1,923 meters to a point (7°08'15.77"N-11°07'36.47"W); thence a line runs N 28° E for 1,255 meters to a point (7°08'51.84"N-11°07'17.37"W); thence a line runs N 78° E for 7,457 meters to the point on the Southern boundary line of TSC A-10 (7°09'44.52" N-11°03'20.66" W); thence a line runs N 63° W for 6,114 meters to the point (7°11'14.87"N-11°06'18.66"W); thence a line runs S 35° W for 2,002 meters to a point (7°10'23.30"N-11°06'56.17"W); thence a line runs N 89° W for 1,582 meters to a point (7°10'24.14" N-11° 07'47.55"

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a line runs S 78° W for 3,623 meters to a point (7°10'00.89"N-11°09'43.23"W); thence a line runs S 24° E for 2,695 meters to a point (7°08'40.64"N-11°09'07.72"W); thence a line runs S 48° W for 1,281 meters to a point (7°08'12.91"N-11°09'38.80"W); thence a line runs Due West for 1,452 meters to a point (7°08'13.11"N-11°10'26.14"W); thence a line runs N 42° W for 1,557 meters to a point (7°08'50.56"N-11°00'15.0"W); thence a line runs S 55° W for 3,145 meters to the point of COMMENCEMENT (7°07'52.75"N-11°12'24.88" W), Embracing 12,355 acres or 5,000 hectares of forest land and no more.



The Timber Sales Contract area "A-16" was awarded to **SUN YEUN CORPORATION LTD.** In the preparation of the Timber Sales Contract area "A", notice was given and surveys conducted in a portion of the affected communities. The purpose of these surveys was to validate whether the area was suitable for commercial forest practices based upon ecological, economic

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was suitable for commercial forest practices based upon ecological, economic and social considerations. As part of this survey, the affected communities were informed of the potential TSC in the vicinity and the requirements for a social agreement. As a result of this, the FDA secured a statement on behalf of affected communities around the Timber Sales Contract area "A" that they intend to negotiate a social agreement in good faith with the winner of the competitive bid.

SECTION I. PURPOSE / OBJECTIVE:

The Social Agreement is an agreement, between communities around a given logging contract area and the logging company authorized to operate in that area, which establishes the relationship between community and company.

The Social Agreement is an agreement required by FDA Regulation No. 105-07 between any company that plans to harvest timber and the affected communities that could be affected by that commercial activity.

Social Agreements are:

- a) Only established between companies that have been authorized by the FDA through the competitive bidding process and affected communities¹;
- b) To establish a code of conduct regarding rights and responsibilities of the company and affected communities.
- c) To establish the financial benefits for all affected communities with respect to section 34 of FDA Regulation No. 105-07 Regulation on Major Pre-felling Operations under Forest Resource Licenses.
- d) Negotiated directly between companies and local communities; and
- e) Attested to and regulated by the FDA. However, the FDA does not play an active role in the negotiation process beyond serving as a facilitator or mediator if discussions break down.

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SECTION II. STATEMENT OF MUTUAL BENEFIT AND INTEREST:

The **SUN YEUN CORPORATION LTD**, and Timber Sales Contract area "A" **Community Forest Development Committee (CFDC)** of Cape Mount, communities strive to engage in a mutually beneficial relationship by agreeing to the terms of this agreement. Working cooperatively in the on-going implementation of the TSC will allow the affected communities and the **SUN YEUN CORPORATION LTD**, to achieve their respective goals.

In consideration of the above premises, the parties hereto agree as follows:

SECTION III THE DUTY AND RESPONSIBILITIES OF SUN YEUN CORPORATION LTD,, (HOLDER):

The Holder shall identify the representative of the Timber Company designated by the Company to represent it in negotiating the terms of a social agreement. Corporation representatives must include:

- (1) Persons whose names are maintained on the list of names identified in the Corporation pre-qualification documents or has such documentation to verify his employment with the company and has the power to negotiate on the company's behalf; and
- (2) In the event that this person is unable to negotiate with the Affected Community, any other person that the Company may designate, subject to the requirements of this Paragraph.

The Holder shall maintain a list of **community** representatives for its TSC.

The Holder shall include a negotiated agreement of the following issues, rights and responsibilities:

The **SUN YEUN CORPORATION LTD** agreed 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 plant sites, hunting ground, non timber forest products sites.

- ♦ **SUN YEUN CORPORATION LTD**, agreed to ensure that water collection points are protected and maintained.
- ♦ **SUN YEUN CORPORATION LTD** agreed that timber operations are timed to minimize disruption to subsistence agricultural activities.
- ♦ **SUN YEUN CORPORATION LTD**, agreed that timber operations respect the existing cash crops.

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- ♦ **SUN YEUN CORPORATION LTD** agreed to participate in **community** development programs (such as human resource development, construction of school, clinic, etc).
- ♦ **SUN YEUN CORPORATION LTD**, agreed to provide transportation during emergency situation and major development activity.
- ♦ **SUN YEUN CORPORATION LTD**, Pay \$1.00 USD/ cubic meter to the **community Forest Development Committee** apart from the payment of 30% land rental (\$1.25 per hectare) to the **community** benefit sharing scheme.
- ♦ **SUN YEUN CORPORATION LTD** agreed to build company camp near existing towns or affected areas (durable units)
- ♦ **SUN YEUN CORPORATION LTD** agreed not to harvest palm trees for processing and or export
- ♦ **SUN YEUN CORPORATION LTD** agreed to construct durable bridges on roads adjacent to contract area.
- ♦ **SUN YEUN CORPORATION LTD** agreed to have CFDC representative verify production
- ♦ **SUN YEUN CORPORATION LTD** agreed to provide first preference for employment of skill and unskilled employees of the affected communities.
- ♦ **SUN YEUN CORPORATION LTD** agreed to recondition and maintain roads adjacent to the contract areas and connect nearby towns.
- ♦ **SUN YEUN CORPORATION LTD** agreed to make available timber products to the community during **community** development project.

In addition to the quarterly meetings SUN YEUN CORPORATION LTD, shall hold emergency meetings with the CFDC's and affected **community** to discuss any issues affecting the community when the need arises;

SUN YEUN CORPORATION LTD agreed to help recondition/improve on school adjacent to company camp for both employees and community children.

SECTION IV. DUTIES AND RESPONSIBILITIES OF AFFECTED COMMUNITIES:

The Affected **Communities** shall identify their representatives through the election of their members to a **Community Forest Development Committee**. The **Community Forest Development Committee** is responsible for representing the affected communities in negotiating the terms of a social agreement. **Community Forest Development Committees** must abide by the following conditions:

- (a) A **Community Forestry Development Committee** must consist of at least five members who are residents of the community or communities that the Committee represents.

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(b) All members of a **Community Forestry Development Committee** must be freely and fairly elected by residents of the community or communities represented by the Committee.

(c) A **Community Forestry Development Committee** must provide a means for all residents that it represents, including women and youth, to have their views heard and considered.

(d) Prior to the disbursement of funds, a **Community Forestry Development Committee** must be incorporated under the laws of the Republic.

Code of Conduct

- ♦ The **community** agreed to avoid the expansion of subsistent agriculture activities within Contract Area. Hence community shall promote and encourage low land agriculture development.
- ♦ The **community** agreed to discourage unnecessary fire disposal and encourage fire safe practices.
- ♦ Existing cash crops will be identified and Company inform by the **community** to not conflict with harvest operations..
- ♦ The affected **community** can request transportation during emergency and some major **community** development programs.
- ♦ agrees that the community shall use, free of charge, any roads constructed and/or maintained by **SUN YEUN CORPORATION LTD**, provided, however, that such use shall not unduly prejudice nor interfere with either party

SECTION V. DUTIES AND RESPONSIBILITIES OF THE FORESTRY DEVELOPMENT AUTHORITY:

- A.** Ensure that the TSC is authorized so that all terms and conditions of the License are met.
- B.** Ensure that the Operations of the Holder are in compliance with the TSC.
- C.** Distribute copies of agreement;
 - ❖ Original to TSC Holder,
 - ❖ Community Forestry Development Committee (CFDC)

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❖ TheFDAManagingDirector

a. Send an original to:
♦ TSC Holder

b. Send a copy to:
♦ Community Forest Development
Committee
♦ FDA Managing Director

SECTION IV. IT IS MUTUALLY AGREED AND UNDERSTOOD BY AND BETWEEN THE PARTIES THAT:

A. PRINCIPAL CONTACTS. The principal contacts for this agreement are:

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|---------------------------------|---|
| SUN YEUN CORPORATION LTD | Community Forest Development Committee |
| Josephus S. Banks | Phone: |
| General Manager | FAX: |
| Phone#:06523215 | Email: |
| E-mail: jsbanks2009@yahoo.com | |

ForestDevelopment Authority Contact
Hon. Mose D. Wogbeh, Sr.
Phone:06513994
Email:moseswogbeh@yahoo.com

- B.** It is the intent of this agreement that the parties may modify this agreement by mutual agreement. The FDA will need to attest to its completeness prior to any modifications going into effect.
- C.** The parties will maintain lines of communication regarding operations and specifically provide periodic updates to the chairperson regarding any issues in implementing the social agreement. The update should specifically provide information as to the volume of logs removed to date.

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- D. The parties will hold an annual meeting with representatives of the Community Forest Development Committee, FDA and authorized representatives of the TSC Holder to discuss the upcoming annual operating plan as well as attempt to resolve any issues identified from the previous operating season.
- E. The parties may provide support and assistance to each other in seeking grant and alternative funding opportunities via letters of support and work on grant applications.

SECTION VII. REAL PROPERTY IMPROVEMENTS.

Any improvements (facilities, roads, etc.) developed as a result of this agreement and at the direction of either of the parties, shall thereupon become the responsibility of the affected communities, and shall be subject to the same regulations and administration as other similar improvements of a similar nature. No part of this agreement shall entitle TSC Holder to any share or interest in the project other than the right to use and enjoy the same under the existing applicable regulations.

SECTION VIII. PARTICIPATION IN SIMILAR ACTIVITIES.

This agreement in no way restricts the TSC Holder or Affected Communities or FDA from participating in similar activities with other public or private agencies, organizations, and individuals.

SECTION IX. DISPUTE RESOLUTION.

In the event of any issue of controversy under this agreement, the parties will seek to initially resolve their differences with the assistance of FDA. In the event that there are still differences, local government officials (District Commissioner, Paramount Chiefs, Clan Chief, and Town Chief) should be considered as neutral parties in a third-party mediation process. If not resolved by the steps above, any controversy or claim arising out of or relating to this agreement shall be exclusively settled by binding arbitration in accordance with the Commercial Arbitration Rules and judgment rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The laws applicable to the dispute, the Social Agreement and the interpretation thereof are the laws of Liberia. The arbitration shall take place at an acceptable

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location within the towns represented by the CFDC and the arbitral proceedings will be in English with interpreter provided for local languages.

SECTION X. AUTHORIZED REPRESENTATIVES:

By signing below, the Chairperson of the Community Forest Development Committee certifies that the individuals listed in this document are representatives of the Affected Communities and are authorized to act in their respective areas for matters related to this agreement. Also, by signing below, the assigned representative of the TSC Holder certifies that this individual is authorized to act in this capacity for matters related to this agreement

SECTION XI COMMENCEMENT/EXPIRATION DATE.

This agreement is executed as of the date of the last signature and is effective through the duration of a TSC and reviewed every 3 years for a TSC after which time it will expire.

The authority and format of this agreement has been reviewed and approved for signature.

This agreement shall be binding on the parties, their heirs, administrators/trix assigns, successor -in-office as though they were physically present when this agreement was signed.

In witness whereof, the parties hereto have executed this agreement as of the last date written below.

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| <hr/> Chairperson Community Forest Development Committee | Date |
| SUN YEUN CORPORATION LTD Josephus S. Banks General Manager  | Date |
| <hr/> Hon. Moses D. Wogbeh, Sr. Managing Director Forest Development Authority | Date |

Affected Community as defined in the regulation is as follows: a community comprising less than a statutory district (including chiefdoms, clans, townships, towns, villages, and all human settlements) whose interests are likely to be affected by Operations carried out under a Forest Resource License. "Interests" for purposes of this definition may be an economic, environmental, health, livelihood, aesthetic, cultural, spiritual, or religious nature