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SOCIAL AGREEMENT
Between
Euro Liberia Logging Company
And the
COMMUNITY FORESTRY DEVELOPMENT COMMITTEE (CFDC)
OF
FOREST MANAGEMENT CONTRACT (FMC) AREA-F
Konobo, Gbeapo & Webbo Districts, Grand Gedeh &
River Gee Counties
LIBERIA



Forestry Development Authority

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17/03/10

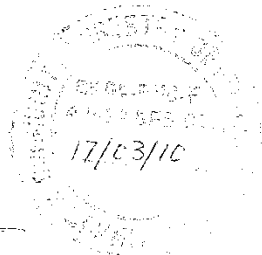
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Metes and Bounds

Starting from the Town of River Gbeh (5°12'42.24"N-7°-0'06.51"W); thence a line runs N 2° E for 3,330 meters to the point of COMMENCEMENT (5°14'28.39"N-7°40'01.94"W); thence a line runs N 36° W for 31,878 meters to a point (5°28'23.99"N-7°50'10.71"W); thence a line runs N 69° W for 18,862 meters to a point (5°32'03.89"N-7°59'44.56"W); thence a line runs S 64° W for 1,628 meters to a point (5°31'40.94"N-8°06'32.24"W); thence a line runs S 14° W for 3,768 meters to a point (5°29'42.67"N-8°01'02.27"W); thence a line runs N 44° W for 3,503 meters to a point (5°31'05.04"N-8°02'20.57"W); thence a line runs N 39° E for 2,491 meters to a point (5°32'08.00"N-8°01'29.94"W); thence a line runs S 73° W for 9,674 meters to a point (5°30'36.80"N-8°06'31.38"W); thence a line runs N 16° W for 7,929 meters to a point (5°34'42.76"N-8°07'42.61"W); thence a line runs N 24° E 15,871 meters to a point (5°42'33.22"N-8°08'36.15"W); thence a line runs N 31° W for 15,687 meters to a point (5°49'49.67"N-8°08'36.15"W); thence a line runs N 13° E for 6,144 meters to a point (5°53'04.80"N-8°07'51.03"W); thence a line runs N 77° W for 595 meters to a point (5°53'08.68"N-8°08'09.33"W); thence a line runs N 49° E for 629 meters to a point (5°53'21.42"N-8°07'54.36"W); thence a line runs S 77° E for 2,732 meters to a point (5°53'00.37"N-8°08'27.87"W); thence a line runs N 6° E for 4,906 meters to a point (5°55'38.84"N-8°07'10.68"W); thence a line runs S 75° E for 2,100 meters to the point on the Dube River (5°55'21.11"N-8°05'04.70"W); thence a line runs along the Dube River in the Northwest direction for 153,294 meters to a point (5°19'31.46"N-7°30'53.08"W); thence a line runs Due South for 4,137 meters to a point (5°17'47.52"N-7°30'51.91"W); thence a line runs Due East for 962 meters to a point (5°17'36.73"N-7°30'21.04"W); thence a line runs Due South for 6,073 meters to a point (5°14'20.23"N-7°30'21.50"W); thence a line runs Due East for 984 meters to a point (5°14'20.23"N-7°29'48.56"W); thence a line runs Due South for 2,963 meters to a point (5°12'43.36"N-7°29'48.08"W); thence a line runs S 89° E for 2,792 meters to the point on the Cavalla River which forms the boundary between Liberia and Ivory Coast (5°12'40.50"N-7°28'06.40"W); thence a line runs along the Cavalla River in the Southern direction for 22,925 meters to the confluence of River Gbeh and Cavalla Rivers (5°04'29.23"N-7°33'27.50"W); thence a line runs along River Gbeh in the Northwestern direction for 13,204 meters to a point (5°08'33.06"N-7°35'51.07"W); thence a line runs N 11° E for 8,636 meters to a point (5°13'05.66"N-7°34'57.37"W); thence a line runs N 23° W for 5,317 meters to a point (5°15'44.49"N-7°36'04.06"W); thence a line runs S 72° W for 7,676 meters to the point of COMMENCEMENT (5°14'28.39"N-7°40'01.94"W) embracing (Two Hundred and Fifty Three Thousand Six Hundred and Seventy) 253,670 hectares of forest land and no more.

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LEGAL REQUIREMENT FOR THE FORMATION OF CFDC

This Social Agreement (agreement) is hereby made and entered into by and between the Euro Liberia Logging Company, hereinafter referred to as **Euro Liberia**, the communities of River Gee, Community Forest Development Committee (CFDC), hereinafter referred to as the Communities, for Forest Management Contract Area "F", 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 Forest Management Contract Area-F

Technical description

Forest Management Contract area "F" lies within Latitudes 5°6'0" - 5°4'0" North of the equator and Longitudes 7°30'0" - 8°6'0" West of the Greenwich meridian and it is located in Grand Gedeh and River Gee Counties, Southeastern Liberia.

Forest Management Contract area "F" is 332 miles accessible by primary motor road by way of Monrovia, Gbarnga, Ganta, Tappita and Zwedru, and is 136 miles accessible to the *Port of Greenville* and 116 miles to the *Port of Harper*.

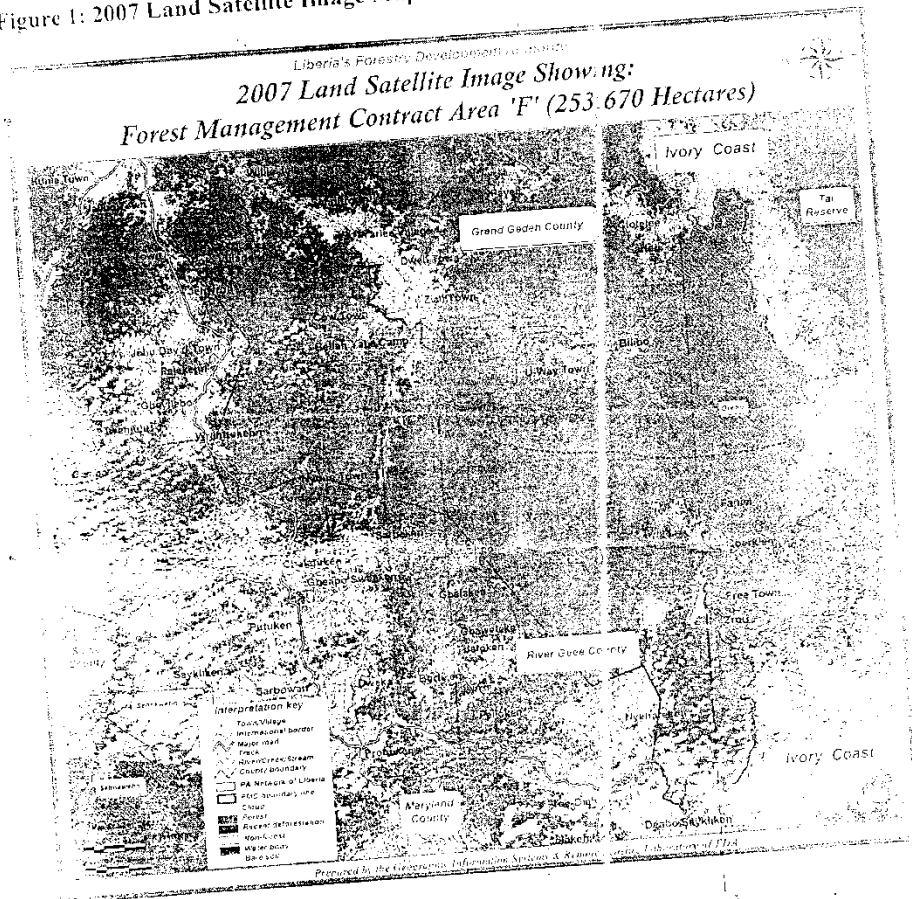
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Figure 1: 2007 Land Satellite Image Map of the area (30 meters resolution)



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The Forest Management Contract area "F" was awarded to Euro Liberia Logging Company. In the preparation of the Forest Management Contract area "F" notice was given and surveys conducted in a portion of the affected communities. The purpose of this surveys was to validate whether the area was suitable for commercial forest practices based upon ecological, economic and social consideration. As part of this survey, the affected communities were informed of the potential FMC 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 FMC area "F" 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 their commercial activity.

The Social Agreement are:

- a. Only established between companies that have been authorized by the FDA through the competitive bidding process and affected communities;
- 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 on Mayor Pre-felling Operation under Forest Resource Licenses.
- d. Negotiated directly between company and local communities; and 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.

SECTION II. STATEMENT OF MUTUAL BENEFIT AND INTEREST:

The Euro Liberia Logging Company and Forest Management Contract Area "F" Community Forestry Development Committee (CFDC) of River Gee communities, strive to engage in a

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mutually beneficial relationship by agreeing to the terms of this agreement. Working cooperatively in the on-going implementation of the FMC will allow the affected communities and the Euro Liberia Logging Company to achieve their respective goals:

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

SECTION III THE DUTY AND RESPONSIBILITIES OF EURO LIBERIA LOGGING COMPANY, (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:

- A. 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
- B. 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 FMC.

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

- The Holder 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.
- Euro Liberia agreed to ensure that water collection points are protected and maintained.
- Euro Liberia agreed that timber operations are timed to minimize disruption to subsistence agricultural activities.
- Euro Liberia agreed that timber operations respect the existing cash crops and negotiate with owners in case of any damage to crops.
- Euro Liberia agreed to participate in Community development programs, (such as human resource development, construction of school, clinic, etc.) with the amount of 3,000 USD for each of the 9 months production time. This amount will not exceed 27,000 USD annually and It will be available at the starting of the felling operation.

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- * Euro Liberia agreed to provide transportation during emergency situation and major development activity. The Company will not be responsible for any damage, injury and any other subsequent events that may occur during this service.
- * Euro Liberia agreed to pay \$1,50 USD/cubic meter, equally shared, between the Community Forestry Development Committee of River Gee and Grand Gedeh, apart from the payment of 30% land rental (\$2.50 USD per hectare) to the community benefit sharing scheme.
- * Euro Liberia agreed to build company camps near existing towns or affected areas.
- * Euro Liberia agreed not to harvest palm trees for processing, bridge construction and/or export.
- ✓ * Euro Liberia agreed not to construct logged bridges on primary roads (as indicated under technical description according to FDA regulations).
- * Euro Liberia agreed to have CFDC representatives verify production.
- * Euro Liberia agreed to provide first preference for employment for skill and unskilled employees of the affected communities in Grand Gedeh and River Gee County.
- * Euro Liberia agreed to recondition and maintain roads adjacent to the annual operational area and connect nearby towns.
- * Euro Liberia agreed to make available timber products to the community during community development project as soon as the sawmill will be in operation, according to the FDA regulation.
- * In addition to the quarterly meetings, Euro Liberia Logging Company shall hold emergency meetings with the CFDC's and affected community to discuss any issues affecting the community when the need arises;
- * Euro Liberia agreed to construct schools for the education of employees dependents; in case the operational area doesn't have access to school facilities.
- * Euro Liberia agrees that the community shall use, free of charge, any roads constructed and maintained by HOLDER; provided, however that such use shall not unduly prejudice nor interfere with either party.

SECTION IV. DUTIES AND RESPONSIBILITIES OF AFFECTED COMMUNITIES:

The Affected Communities shall identify their representatives through the election of their members to the Community Forestry Development Committee. The Community Forestry Development Committee is responsible for representing the affected communities in negotiating the terms of a

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Social Agreement. Community Forestry Development Committees shall abide by the following conditions:

- A Community Forestry Development Committee must consist of at least five members who are residents of the community or communities that the committee represents.
- All members of Community forestry Development Committee must be freely and fairly elected by residents of the community or communities represented by the committee.
- 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.
- Prior to the disbursement of funds, a community Forestry Development Committee must be incorporated under the laws of the Republic of Liberia.

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 especially in contract area.
- 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. The Company will be not responsible for any damage, injury and any other subsequent events that may occur during this service

SECTION V. DUTIES AND RESPONSABILITIES OF THE FOREST DEVELOPMENT COMMITTEE

- A. Ensure that the FMC is authorized so that all terms and conditions of the licence are met.
 - B. Ensure that the Operations of the Holder are in compliance with the FMC
- Distribute copies of agreement:
- Original to FMC Holder,
 - Community Forestry Development Committee (CFDC)
 - The FDA Managing Director

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

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

1. EURO LIBERIA LOGGING COMPANY

Cesare Colombo

GENERAL MANAGER

Phone: 077119340

Email: cesare.colombo@euroliberialogging.com

2. COMMUNITY FOREST DEVELOPMENT COMMITTEE

George Desuah

Chairman CFDC River Gee County

Phone: 06742926

Email: desuahgeorge@yahoo.com

3. FORESTRY DEVELOPMENT AUTHORITY

Hon. Moses Wogbeh

FDA Manging Director

Phone:

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.
- d. The parties will hold an annual meeting with representatives of the Community Forestry Development Committee, FDA and authorized representatives of the FMC Holder to discuss the upcoming annual operating plan as well as attempt to resolve any issues identified from the previous operating season.

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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 FMC 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.

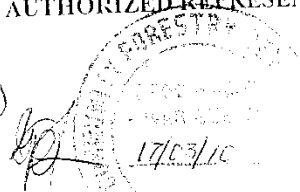
This agreement in no way restricts the FMC Holder or Affected Communities or FDA from participating in similar activities with other public or private agencies, organizations, and individuals.

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

SECTION X. AUTHORIZED REPRESENTATIVES.

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By signing below, the Chairperson of the Community Forestry Development Committee certifies that the individuals listed in this document and 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 representatives of the FMC 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 FMC and reviewed every 5 years for a FMC 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.

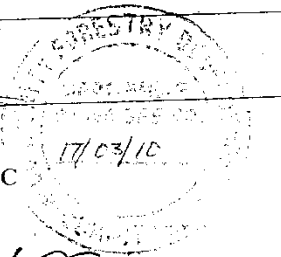
In witness whereof, the parties hereto have executed this agreement as of the last date written below.

Fish Town, River Gee County

Date _____


George Desuah
Chairperson CFDC


Cesare Colombo
General Manager of Euro Liberia Logging Co.

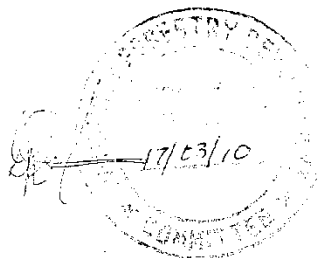


Hon. Moses Wogbeh

Managing Director FDA

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



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