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THIS AGREEMENT is made the _____ day of **OCTOBER 2021**

BETWEEN

THE GOVERNMENT OF THE STATE OF SABAH through its lawful agent, the Chief Conservator of Forests, Sabah Forestry Department, Chief Minister's Department, whose principal office is at Mile 6, Labuk Road, 90000 Sandakan Sabah, Malaysia, (hereinafter referred to as "the **SG**") which expression shall include its successors and permitted assigns.

AND

HOCH STANDARD PTE. LTD (UEN.201930288H) a private limited company formed under the Companies Act (Cap. 50) of the Laws of the Republic of Singapore whose registered address is at 336 Smith Street #05-336 New Bridge Centre Singapore 050336 (hereinafter referred to as "**HSPL**") and includes its successor and assigns of the second part.

WHEREAS:

(A) The Sabah State Government is the authority governing Sabah and was created by both the Federal Constitution of the Federation of Malaysia and the Constitution of the State of Sabah (hereinafter referred to as the "Government").

(B) **HSPL** is a company registered in Singapore which carries on the business of implementing and managing programs for the sustainable management of natural assets, including biodiversity, forestry, and nature capital, and also carries on the business of an expertise in the development of carbon sequestration offsets projects and emissions avoidance offsets projects (both eligible Kyoto projects and eligible non-Kyoto projects) and acts as a liaison for the Federal and State Government agencies, and various organisations to exchange, dispose, transfer, sell or otherwise monetise Nature Capital and Carbon Credit Units.

(C) **SG** wishes to engage the services of **HSPL** to:

- (a)* develop nature conservation management plans to conserve forest and Natural Capital in the Designated Area;
- (b)* develop nature conservation management plans to slow, halt or reverse forest loss and degradation, as the case

may be;

- (c) develop, support, consult and assist **SG** and the Government in implementing such nature conservation management plan so that it adheres to the **REDD+** framework, supports the **SDGs**, the Ecosystem Services and adheres to best practice standards so far as it relates to Nature Capital;
- (d) provide ongoing assistance in maintaining the nature conservation management plan.
- (e) monetise the Natural Capital Benefit, including CCUs generated from and contained within the Designated Area; and
- (f) consult and provide feedback to **SG** in relation to its implementation and management of the nature conservation management plan in accordance with the **REDD+** framework and the **SDGs**.

(D) It is the intention of the Parties that this Agreement shall:

- (a) be an international legally binding instrument to regulate the activities of each party, to ensure that it complies and support the **SDGs**;
- (b) be binding upon the Parties for the entire Term and the Renewal Period; and
- (c) continue regardless of any change in government, agencies and ministers including the constitution of the Sabah State Legislative Assembly and the Cabinet of Sabah, as formed from time to time shall have no effect on the validity and continuation of this Agreement.
- (d) for avoidance of doubt, not constitute a change in ownership in the Designated Areas.

NOW THEREFORE the Parties agree to be bound by the following terms and conditions:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, unless the context requires otherwise, the

following words and expressions shall have the meaning as described below, as applicable:

"Agreement" means this agreement, together with any schedules or annexures and any amendment made in accordance with this document.

"Anniversary Date" means the date in Item 3 as described in the Schedule.

"Annual Proceeds" means the total of the Carbon Credit Proceeds, and/or the Natural Capital Proceeds for a Relevant Year in respect of the Carbon Benefits and/or Natural Capital Benefits for the Designated Area.

"Applicable Laws" means all legislation, regulations, order of a court or tribunal applicable to the **NCMP** or this Agreement.

"Audit Report" means an audit report required under any rule, law, regulation, policy or required by **HSPL** for the purpose of obtaining Carbon Benefits or Natural Capital Benefits as required from time to time.

"Authorised Officer" means any officer, person or department so authorised by **SG** to enter into this Agreement and to carry out and duly perform any obligations conferred on **SG** by this Agreement.

"Authority" means any Federal, State, Regional and Local Government or other regulatory authority, body or agency, and any Court or Tribunal or Statutory Corporation.

"Breach Notice" means a written notice served by the Non-defaulting Party on the defaulting party with respect to a purported breach of this Agreement under clause 14.

"Business Day" means a day which is not a public holiday, Saturday, Sunday or a bank holiday in Singapore.

"CCU" means Carbon Credit Units generated from greenhouse gas reductions under any applicable law, state, national or foreign, whichever is applicable and includes all and any other statutory

entitlements which replaces or is in addition to such a unit, whether being an entitlement, right, interest, credit, allowance or benefit generated by the carrying out of a project or scheme or development or any component of a project or scheme or development involving the sequestration of carbon, the abatement of carbon, the reduction, avoidance or mitigation of greenhouse gas emissions or other ecosystem services or natural capital service.

“CCU Transfer Date” means the date that is 28 days commencing on the date **HSPL** is issued with CCUs with respect to the **NCMP**.

“Carbon Benefits” means any current or future right, credit, benefit, gain, profit, interest, certificate, offset, allowance, entitlement, or benefit, whether (now or in the future, and as created, amended, supplemented, or replaced from time to time) recognised by any law, regulation, contract, regime, publication, policy, program, or fund, including without limitation, CCUs or any other entitlements arising from or in connection with any activity involving Carbon Sequestration.

“Carbon Benefit Revenues” means the gross annual proceeds received by **HSPL** resulting from the creation and sale of Carbon Benefits from the Designated Area in each Relevant Year after the payment or deduction of all costs and expenses which had been incurred during and in the creation, sale, trade, or exchange of CCUs.

“Carbon Credit” means any present or future right, interest, credit entitlement, benefit, or allowance to emit greenhouse gases under any voluntary, regulatory, or legal establishment arising from or in connection with any removal, limitation, reduction, avoidance, sequestration, mitigation, or conservation of carbon dioxide equivalence from the atmosphere.

“Carbon Credit Regulations” means any regulatory, legal framework and/or policy in which CCUs are issued, confirmed, or granted in relation to the **NCMP**.

“Carbon Rights” means the right to any benefit or interest which arises or may arise in relation to the act of or the carrying out of carbon sequestration on or in the Designated Area including but not

limited to any vegetation or biomass on or in the Designated Area including in its soil and includes any Carbon Right that is already registered.

"Carbon Sequestration" means:

- (a) the absorption from the atmosphere of carbon dioxide by land or by anything on land; and
- (b) the storage of carbon in land or in anything on land.

"Commencement Date" means the date described in clause 3.1. If no date is mentioned then it is the date in which this Agreement is executed.

"Confidential Information" includes the terms and conditions of this Agreement and all information provided by one Party to another Party while negotiating the terms of this Agreement or for the purposes of any of the provisions of this Agreement, including but not limited to, information concerning the business and affairs of a Party and its affiliates and customers, and any data, analysis, information, pricing, or any other information relating to that Party or to the **NCMP**.

"Default Notice" means a Notice of the occurrence of an Event of Default delivered by Non-defaulting Party to a Defaulting Party pursuant to clause 14.6.

"Defaulting Party" means a Party who commits an Event of Default, as set out in clause 14.6.

"Designated Area" means that portion of the land to which either the nature conservation management plan applies or described in Item 6 of the Schedule and includes any area which may be assigned, transferred or vested in **SG** or which **SG** acquiresor may add to it from time to time.

"Ecosystem Services" meansthe valuable benefits provided to people through the transformation of resources or natural assets, into a flow of essential goods and services, and services which supports the **SDGs**.

"Eligible Interest Holders" means any person or persons who hold a legal interest or ownership in the Designated Area and includes **SG** which is described in Item 5 of the Schedule.

"Enactment" means the Forest Enactment 1968 (No.2 of 1968).

"Event of Default" means an event described in clause 14.5

"Forest produce" for the purpose of this Agreement means natural resources.

"Government" means the Government of the State of Sabah and includes any member of the Cabinet or any officer duly authorised to act on behalf of the Government.

"HSPL's Revenue Portion" means the percentage of Natural Capital Benefit Revenue allocated to **HSPL**.

"Intellectual Property" means all intangible property rights resulting from any activity which is carried out pursuant to this Agreement and includes patents, trademarks, copyright and design rights.

"Kyoto Protocol" means the Protocol to the United Nations Framework Convention on Climate Change adopted in Kyoto Japan in 1997 and which is an international agreement which called for nations to reduce their greenhouse gas emissions.

"Loss" means any loss, cost, damage, debt, expense, tax, or liability of any kind (including any legal costs).

"Natural Capital" means and includes carbon credit and non-carbon credit components of natural capital but shall not include any physical timber extraction, oil and gas and other mineral resources.

"Natural Capital Benefits" means any present or future direct or indirect, or incidental right, interest, credit, entitlement, benefit, allowance, certificate arising from or in connection with the Carbon Rights or Carbon Benefits, Emission Reduction Benefits, benefits such as the enhancement of biodiversity, the reduction of dry land

salinity, the conservation of native vegetation or the preservation of water catchment areas.

“Natural Capital Benefit Revenues” means the gross annual revenues received by **HSPL** resulting from the creation and sale, or disposal of any Natural Capital Benefits.

“Natural Resources” the natural capital.

“Nature Conservation Management Plan” means the plan, scheme or method defined in clause 4.1(a) created by **HSPL** for the Designated Area, or any part thereof, and includes any incidental acts or actions which **HSPL** is required to undertake to allow the implementation of such plan to ensure the plan is within the framework of **REDD+**, supports the **SDGs** and the adhering of best practice relating to Nature Capital (hereinafter referred to as **“the NCMP”**).

“Non-defaulting Party” means a Party who is not a Defaulting Party as defined in clause 14.6 of this Agreement.

“Notice” means any notice, demand, consent, or other communication whatsoever given or made in writing under this Agreement.

“Other Audit” means an audit by the United Nations or its related body or another body for the purpose of auditing, reviewing, and monitoring the progress of with the implementation of the **SDGs**.

“Parties” means the parties to this Agreement and their respective successors and permitted assigns, and Party means any one of them.

“REDD+” means the framework to reducing emissions from deforestation and forest degradation, plus the sustainable management of forest and the conservation and enhancement of forest carbon stocks.

“Related Agreement” means any agreement between-

- (a) **SG** and **HSPL** which can be reasonably construed to relate to this Agreement: provided that if there arises

any dispute as to whether certain agreement is related to this Agreement, **HSPL** will have the final discretion to determine its relevancy; and

- (b) any other agreement that can be reasonably construed to relate to this Agreement: provided that if there arises any dispute as to whether certain agreement is related to this Agreement, **HSPL** will have the final discretion to determine its relevancy.

"Relevant Year" means each financial year commencing on 1 January and ending 31 December of any given year.

"SFD" means the Sabah Forestry Department, a departmental agency of the Government of the State of Sabah, which is responsible for the preservation of forests and the regulation and control of dealings in forest produce in accordance with the Enactment.

"SG's Revenue Portion" means the percentage of Natural Capital Benefit Revenues which are allocated to **SG** by **HSPL** under this Agreement.

"SDGs" means the 17 Sustainable Development Goals adopted by the United Nations and the blueprint for global commitment to social progress, environmental balance, and economic growth.

"Successor", in relation to a party, includes any person who after the date of this Agreement becomes entitled to a legal or beneficial interest in:

- (a) this Agreement;
- (b) any part of an estate or interest comprising all or part of the Designated Area.

"Term" means the duration of this Agreement which is described in Item 2 of the Schedule.

"2030 Agenda Partnership Accelerator" means the 2030 Agenda Partnership Accelerator collaborative initiative by United

Nations Department of Economic and Social Affairs (UN DESA), and The Partnering Initiative (TPI), in collaboration with United Nations Office for Partnerships, UN Global Compact, and the UN Development Coordination Office, aimed at significantly help accelerate and scale up effective partnerships in support of the 2030 Agenda for Sustainable Development.

“United Nations” means the United Nations which was formed by the Charter of United Nations 1945.

1.2 Interpretation

The following rules apply unless the context requires otherwise:

- (a) a reference to the singular includes the plural and conversely a reference to the plural includes the singular;
- (b) a reference to a gender includes all genders;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a person, corporation, trust, unincorporated body, or other entity includes any of them;
- (e) a reference to a clause or schedule is a reference to a clause of, or a schedule to, this Agreement;
- (f) a reference to time is a reference to Eastern Standard Time;
- (g) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (h) a reference to “writing” includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.

1.3 Headings

Headings are for convenience only and shall not affect interpretation.

2. ENGAGEMENT OF HSPL

- 2.1 **SG** has engaged **HSPL** and grants **HSPL** the exclusive right to develop **NCMP** for the Designated Area and manage Natural Capital Benefits contained therein.
- 2.2 **HSPL** shall have complete discretion and the ability to enter into the appropriate agreements with Eligible Interest Holders to allow for the implementation and management of the **NCMP** as it deems necessary. Such Eligible Interest Holders shall be included to Item 5 of the Schedule.
- 2.3 **HSPL** shall provide **SG** with consulting services to assist the **SG** in implementing the **NCMP** so that such implementation:
- (a) adopts best practice standards so far as it relates to Natural Capital Resources;
 - (b) complies with the **REDD+** Guidelines; or any international recognised standards; and
 - (c) supports the **SDGs**.
- 2.4 **SG** hereby grants and transfer to **HSPL** exclusively and solely all rights to the Natural Resources for the purpose only of monetisation of the same pursuant to the provisions of this Agreement.
- 2.5 Subject to clause 7.1 and clause 7.2, **SG** acknowledges that **HSPL** shall have the absolute right to the Natural Capital Benefits, including the Natural Capital contained in the Designated Area and CCUs to sell, exchange, transfer or otherwise disposal of, in any manner as it deems necessary.

3. TERM AND COMMENCEMENT

- 3.1 This Agreement shall commence on _____ **August 2021** and will continue for the entire Term.
- 3.2 **HSPL** may enter into an agreement with a non-Party for the enhancement of monetising the Natural Capital and can do so only on the following basis:

- (a) **HSPL** has provided **SG** notice in writing of its intention to enter into an agreement with a non-Party pursuant to this Agreement;
- (b) **HSPL** warrants that the non-Party is able and willing to continue the delivery of the service of the same or similar nature as that is offered in this Agreement and can maintain the product or service in a manner that commits to maintaining the **REDD+** framework and completely supports the **SDGs**; and
- (c) **HSPL** has not breached this Agreement or if it has breached this Agreement in any way, has rectified such breach; and
- (d) **HSPL** pays all costs and expenses incurred by **SG** in consenting to the transfer and/or assignment of this Agreement.

3.3 **SG** is precluded from transferring, licensing or assigning this Agreement to any party, including any foreign or local government, whether it be State or Federal Government whatsoever during the term of this Agreement.

3.4 Any Party may seek to renew this Agreement for a further term (hereinafter referred to as the "Renewal Term") to be mutually agreed by the Parties provided that:

- (a) the party who wishes to renew this Agreement has given a written notice to the other party of its intention to renew within a period not exceeding twelve (12) months and not less than nine (9) months prior to the expiration of the Term; and
- (b) the party so being notified agrees that all rights and obligations arising under this Agreement shall continue.

4. OBLIGATIONS OF HSPL

4.1 In consideration of **SG** entering into this Agreement, and in consideration of receiving the **SG's** Revenue Portion, **HSPL** hereby

agrees and covenant it will:

- (a) develop the **NCMP** that will:
 - (i) seek to slow, halt and/or reverse forest loss and degradation;
 - (ii) seek to conserve, manage, and expand the Natural Capital contained in the Designated area;
 - (iii) seek to adhere to standards of best practice of Nature Capital;
 - (iv) seek to adhere to the framework and phases of **REDD+** and or other international recognised standards; and
 - (v) seek to support the **SDGs**.
- (b) adhere to any advice or direction in relation to the creation, development, or implementation of the **NCMP**;
- (c) provide information, reports and data regarding the management and implementation of the **NCMP**, including the preparation of offset reports during the Term;
- (d) consult to advise and assist the **SG** in carrying out and implementing the **NCMP** as required;
- (e) provide land asset mapping infrastructure to identify the vegetation existing in the Designated Area;
- (f) carry out consultations in relation to the development and implementation of the **NCMP** various divisions of the United Nations, as appropriate; and
- (g) continually monitor the management of such **NCMP** including monitoring emission reduction or sequestration plans or schemes in the Designated Area.

4.2 **HSPL** shall undertake annual reviews of the **NCMP** during the Term

to ensure that the Management Plan continues to:

- (a) adhere to the framework and phases of **REDD+** and or other international recognised standards;
- (b) support the **SDGs**;
- (c) adhere to the best practice standards in relation to the Natural Capital including ensuring its conservation.

4.3 If **HSPL** is in breach of any of its obligations in this Agreement, including but not limited to its obligations in clauses 4.1 and 4.2, **SG** shall be entitled to issue a notice to HSPL to rectify such breach.

4.4 Unless legally authorised in writing by **SG**, **HSPL** shall not carry out or deal in any activity which is expressly stipulated in any forest management agreement duly signed between **SG** and any relevant government department, statutory body or body corporate. However, **SG** shall not unreasonably withhold its authorization upon **HSPL's** request.

5. FURTHER OBLIGATIONS OF HSPL

5.1 In consideration of **HSPL** and **SG** entering into this Agreement, **HSPL** further covenants that it will:

- (a) assist **SG** to develop the **NCMP** within 24 months;
- (b) liaise with, or partner with other entities, as necessary, including but not limited to undertaking the 2030 Agenda Partnership Accelerator to significantly accelerate and scale-up effective partnerships in support of the **SDGs**, if applicable;
- (c) sell or otherwise dispose of or deal with the CCUs and/or Natural Capital Benefits;
- (d) prepare funding reports and audits to ensure that reports concerning **SDGs** and **REDD+** progress are accurate.

5.2 In respect of sales or other disposals of, or dealings with, CCUs or

Carbon Credits or Natural Capital Benefits, **HSPL** will negotiate the sale or disposal or dealing and contract to sell, dispose of or deal with such quantities at such times based on the prevailing market prices.

- 5.3 **HSPL** shall transfer to **SG** the **SG's** Revenue Portion in accordance with this Agreement: provided that **HSPL** shall be entitled to withhold any such monies due to breach by **SG** as set out in clauses 6.2 and 6.3 of this Agreement and: provided further that if any Revenue Portion is withheld under this clause 5.3 for more than 28 days, interest will accrue on the amount withheld at a rate specified by the United Overseas Bank Limited as of the date such **SG's** Revenue Portion becomes due and payable to **SG**.

6. OBLIGATIONS OF SG

- 6.1 In consideration of **HSPL** entering into this Agreement and **SG** receiving the **SG's** Revenue Portion, **SG** covenants that it shall -
- (a) conduct the necessary investigation, analysis, and enquiry with respect to the Designated Area including, but not limited to, confirming the relevant land tenure, biomass estimates, actions, and rights and obligations under the relevant Federal and State legislation, regulations, and any applicable policy so as to properly implement the **NCMP**;
 - (b) implement the **NCMP**;
 - (c) continuously monitor the implementation of the **NCMP** to ensure that the execution of the **NCMP** is properly carried out and managed:
 - (i) in compliance with the framework and phases of **REDD+**;
 - (ii) in a way which properly supports the **SDGs**; and
 - (iii) adhere to the best practice standards in relation to the Natural Capital including ensuring its conservation;
 - (d) provide all information, reports and data regarding the implementation and monitoring of -

- (i)* the **NCMP** to **HSPL**;
 - (ii)* the allocation of the **SG's** Revenue Portion specified in clause 6.1 (f) as may be required by **HSPL**;
- (e)* consult with **HSPL** and any division of the United Nations as may be required;
- (f)* allocate its Revenue Portion in such manner as to -
 - (i)* adhere to and comply with the framework and phases of **REDD+** and or other international recognised standards;
 - (ii)* directly support and is in alignment with the **SDGs**; and
 - (iii)* directly support best practice standards in relation to the Natural Capital;
- (g)* co-operate with **HSPL** to allow auditing to be conducted on the **SG's** allocation of the **SG's** Revenue portion, including providing all necessary bank statements, financial documents and any other relevant documents as be required by **HSPL** in compliance with clause 6.1(f)(i);
- (h)* assign in writing to **HSPL** any additional area which any relevant government department, statutory body or body corporate may transfer or assign to **SG** by Enactment, instrument, agreement, deed, *gazette* or memorandum of understanding from time to time and such additional area shall be construed as forming an integral part of the Designated Area;
- (i)* undertakes to apply for all written approvals, authorities, permissions or vesting instruments from the relevant authority and, thereafter, to assign to **HSPL** such written approvals, authorities, permissions or vesting instruments to enable **HSPL** to lawfully carry out its obligations under clause 4 and clause 5 pursuant to its expertise described in Recital (B) hereof;

(j) if the tenure of an agreement between **SG** and the relevant government department, statutory body or body corporate is less than the tenure of this Agreement at the time of assigning such agreement to **HSPL**, **SG** shall prior to such assignment obtain, procure or acquire from such relevant government department, statutory body or body corporate an extension of time of the said agreement so as to be consistent with the duration of this Agreement;

(k) bear any fees of any non-Parties, reasonably incurred by **HSPL** in the course of performing any of their obligations under this Agreement;

6.2 If **SG** is in breach of any of its obligations in this Agreement, including its obligation in clause 6.1, **HSPL** shall be entitled to withhold the **SG's** Revenue Portion until **SG** rectifies such breach.

7. ALLOCATION AND PAYMENT OF CARBON BENEFITS AND NATURAL CAPITAL BENEFITS REVENUE

7.1 **HSPL** shall transfer the Natural Capital Benefits Revenue which represent the **SG's** Revenue Portion to **SG** within 28 Business Days upon receiving the Natural Capital Benefits Revenue.

7.2 If **HSPL** fails to transfer the Natural Capital Benefits Revenue to **SG** within 12 months from the date **HSPL** receives such Natural Capital Benefits Revenue, **SG** shall be entitled to give notice to **HSPL** to rectify such failure and if such failure shall continue for 6 months from the date of such notice, then **SG** shall be entitled under this Agreement to issue a notice of termination to **HSPL** forthwith. However, **SG** may not rely on **HSPL's** failure in clause 7.2, if such failure was caused by **SG**.

7.3 If an event in clause 7.2 occurs, **HSPL** may apply for an extension of time to effect such transfer of the Natural capital Benefits Revenues to **SG** which application shall not be unreasonably withheld by **SG**.

7.4 **HSPL** shall allocate seventy percent (70%) of the Natural Capital Benefit Revenue to the accounts as **SG's** Revenue Portion described in Item 7 of the Schedule.

8. RELATIONSHIP BETWEEN THE PARTIES

- 8.1 On and from the Commencement Date, the Parties agree to cooperate and work with one another in good faith in accordance with the terms contained in this Agreement.
- 8.2 The parties acknowledge that this Agreement is intended as a contract for the provision of services and nothing in this Agreement constitutes or creates any relationship of employer and employee, trust, agency, joint venture, partnership or any fiduciary relationship between the parties.

9. NATURE CONSERVATION MANAGEMENT PLAN

- 9.1 **SG** hereby immediately upon the execution of this Agreement, irrevocably grants -
- (a) to **HSPL** all rights to access and develop an **NCMP** for the Designated Area described in Item 6 of the Schedule;
 - (b) to **HSPL**, all right in relation to CCUs and the Natural Capital and Natural Capital Benefits in relation to the Designated Area described in Item 6 of the Schedule; and
 - (c) to **HSPL** the Designated Area measuring an aggregate hectarage of **2 million hectares** more or less as shown on the maps and/or plans which are described in Item 6 of the Schedule pursuant to this clause or in stages pursuant to clause 6.1 (h) herein: provided that an area of not less than 600,000 hectares of unencumbered **SG** areas as shown on the map which is described in Item 6 (a) of the Schedule shall be made ready and available upon signing this Agreement.
- 9.2 Upon the execution of this Agreement, **HSPL** shall develop such **NCMP** in accordance with the provisions of this Agreement.

10. MUTUAL COVENANTS AND ACKNOWLEDGMENTS

10.1 The Parties mutually covenant and agree to the following:

- (a) **HSPL** shall ensure that the **NCMP** or any similar Plan shall comply with the Kyoto Protocol or such other related international protocol and adopted by the United Nations, including any **REDD+** and **SDGs** requirements and best practice for the conservation of Nature Capital including Natural Resources;
- (b) **HSPL** shall prepare the appropriate documents relating to any NC Management Agreement, and provide a copy of such documents to the **SG**;
- (c) **HSPL** shall be allowed, at its discretion to dispose of the Carbon Credits and Emission Reduction Credits, including the exchange of, or transfer of such credits as it deems fit and appropriate;
- (d) The Parties shall not use the Designated Area or any part thereof as collateral, charge, pledge or security for any reason under any circumstances whatsoever;
- (e) Except for pre-existing rights which **SG** already has, **HSPL** shall have ownership of the intellectual property generated during the term or in the course of the performance of its obligations under this Agreement.

10.2 **SG** covenants, warrants, and agrees that it -

- (a) shall continue to abide by the terms of this Agreement and perform its obligations under this Agreement notwithstanding any change in cabinet or in the composition of the Government whatsoever. It is recited for the avoidance of doubt that the **SG's** obligations under this Agreement shall continue notwithstanding any such change;
- (b) shall not take any steps to terminate this Agreement, or do any act or make any omission which would render this Agreement or any part of it, or any of the obligations it creates, null and void and impossible of performance, or contrary to public policy;

- (c) shall not take any steps to assign, transfer or otherwise dispose of its rights and obligations created in this Agreement to any other person, entity, or government agency, whether it be Federal or State;
- (d) except as provided for under this Agreement, shall not take any step, including the introduction or enactment of any law, rule, regulation, or policy whatsoever that would lead to or cause or be likely to cause -
 - (i) the termination of this Agreement;
 - (ii) the termination of any Related Agreement;
 - (iii) the **NCMP** to be revoked;
 - (iv) **HSPL** from carrying out, implementing or management the **NCMP**;
 - (v) **HSPL** from carrying out its obligations under this Agreement; or
 - (vi) any obligation imposed on any Party or Parties under this agreement being more likely to become impossible of performance, or substantially more onerous to perform.

11. COSTS

11.1 Each Party shall bear their own costs and expenses associated with the provision of the **NCMP**, including the implementation and management of such plan, this Agreement, and -

- (a) all legal fees and other fees and expenses concerning the **NCMP**, and any costs concerning the interpretation and management of the appropriate policy, legislation, and regulation;
- (b) management and advisory services, such as the deployment of personnel, for the development, documentation, performance, and maintenance of the **NCMP, REDD+** and **SDG**;

- (c) feasibility studies with respect to the Designated Area and any potential areas;
- (d) co-ordination of finalising any documents and approvals required for implementing the **NCMP**;
- (e) development of the **NCMP** including any emission reduction scheme or sequestration plans;
- (f) supervision of monitoring and reporting in relation to the **NCMP, REDD+** and **SDG**; and
- (g) preparation and submission of any required reports during the term this Agreement.

11.2 **HSPL** will be responsible for all costs and expenses associated with the provision of the Natural Capital Benefit Revenue.

11.3 **SG** will be responsible for all costs and expenses associated with implementing the **NCMP** and Ecosystem Services.

12. CONFIDENTIALITY

12.1 Except as permitted by clauses 12.2 each Party must keep confidential and must ensure that each of its respective directors, officers, agents, or employees, keep confidential, the terms of this Agreement including, all negotiations between the Parties in relation to the subject matter of this Agreement and all other information given to it under this Agreement.

12.2 A Party may only use and disclose the Confidential Information -

- (a) if necessary, to perform that Party's obligations under this Agreement;
- (b) if the other Party consents to the use of the particular Confidential Information;
- (c) for the purpose of obtaining professional advice;
- (d) if required by law;

- (e) if the other party consents to the disclosure; or
- (f) on a 'need to know' basis to the officers, employees and professional advisers of companies or entities which are the subject of such prior written consent.

12.3 Unless permitted under clause 12.2, each Party covenants with the other that it will not during the Term or at any time after the termination of this Agreement for any cause or by any means whatsoever -

- (a) make public or divulge to any person or entity any trade secrets or any Confidential Information concerning the business operations or finances of the other Party or any of its dealings, transactions, or affairs;
- (b) unless agreed by the other Party in writing, advertise or publicise their connection with each other;
- (c) do any act or thing or make any omission whatsoever which may cause, or likely cause injure, impair, or reduce the goodwill, business, or reputation of the other Party.

13. FAILURE TO ENFORCE NOT TO AFFECT THE VALIDITY

The failure of a Party at any time to enforce any of the provisions of this Agreement or any rights in respect to this Agreement or to exercise any election provided within this Agreement will not be a waiver by that Party of its right to enforce those provisions, exercise those rights, or make those elections or in any way affect the validity of this Agreement.

14. TERMINATION AND DEFAULT

- 14.1 No Party can terminate this Agreement prior to the end of Term, save as set out in clause 14.5.
- 14.2 If a Party terminates this Agreement prior to the end of the Term, such termination will be deemed as null and void unless

HSPL fails to commercialize at least 50,000 hectares of the Designated Area within 24 months from the signing of this agreement even after **SG's obligation in Clause 6** has been fulfilled.

14.3 **SG** shall have no liability for any breach of its obligations in clause 6.1, except in the event as described in clause 2.4, clause 2.5, clause 3.4, clause 6.2, clause 7.3 and clause 14.4.

14.4 In the event **SG** seeks to terminate this Agreement prior to the end of the Term, **SG** undertakes, as a primary obligation and independently of whether any of the conduct described in this clause 14.3 would be a breach of this Agreement or otherwise indemnify **HSPL** for all loss, expenses, and damages that **HSPL** suffers.

14.4B

In the event **SG** has to change or enact a law or introduce (whether under any statutory, directives, prerogative or other power): (i) any secondary or delegated legislation; (ii) any regulatory, procedural, or other guidelines, or (iii) any other material restriction whatsoever, whether it be for necessity or public purpose which would have the same direct or indirect effect which -

- (a) terminates this Agreement;
- (b) renders this Agreement void or unenforceable; or
- (c) prevents any Party from being able to discharge its obligations or comply with their obligations in this Agreement or a Related Agreement or making the discharge of or compliance with such obligations materially more difficult,

SG undertakes, as a primary obligation and independently of whether any of the conduct described in this clause 14.3 would be a breach of this Agreement or otherwise indemnify **HSPL** for all loss, expenses, and damages that **HSPL** suffers.

These losses are to be calculated based on a discount cash flow model on the years remaining in the Term by any one of the big four audit firms such as Price Water House Coopers, which will be selected by **HSPL**. **SG** accepts and recognises that the discount cash flow model provides a genuine estimate of any loss suffered by **HSPL** and will not dispute the calculation provided by one of the big four audit firms.

14.5 An Event of Default means -

- (a) a breach of an obligation or warranty set out in this Agreement;
- (b) an unlawful act or omission that affects the validity or continuation of this Agreement.

14.6 If a Party commits an Event of Default (Defaulting Party), any other Party (a Non-Defaulting Party) may serve a written Notice on the Defaulting Party providing particulars of the Event of Default and requiring the Defaulting Party to remedy the default within 14 days from the date of the notice or such later time provided for in the Notice (Default Notice).

14.7 Until such time as the Default is rectified, then **HSPL** shall not be obliged to transfer to the Defaulting Party its portion of the Natural Capital Benefits Revenue.

14.8 Notwithstanding the clauses above, **HSPL** will be entitled to terminate this Agreement if **SG** commits an Event of Default and does not rectify it within 14 days from the Default Notice. If **HSPL** terminates this Agreement under this clause, **SG** must indemnify **HSPL** for all loss, expenses, and damages that **HSPL** suffers as set forth in clause 14.4 of this Agreement.

15. WARRANTIES BY SG

By executing this Agreement, **SG** warrants and agrees that -

- (a) it has the legal right to grant **HSPL** all rights contained in this Agreement with respect to the Designated Area;
- (b) it irrevocably -

- (i)* grants to **HSPL** the responsibility for developing the **NCMP**; and
 - (ii)* grants to **HSPL** all the legal right to the CCUs and Natural Capital Benefits; and
 - (iii)* authorises **HSPL** to act as a project proponent.
- (c)* it would do all things necessary to enable it to perform its responsibilities under this Agreement;
- (d)* it will take all steps available to it to ensure that all necessary Consents are transferred, assigned, vested in, or granted to **HSPL**, as deemed appropriate and necessary, so as to give effect to the **NCMP**;
- (e)* it will not commit any act or omission, pass any regulation, policy or law which would or may render this Agreement void, unenforceable, or at risk of being terminated;
- (f)* it will respond to any notice, direction or request it received from **HSPL** or any Regulator within the time frame stipulated in the notice, and if no time frame is stipulated then within 14 days of the date of receipt of such notice, unless otherwise agreed by the Parties in writing;
- (g)* it will immediately communicate and advise **HSPL** of all matters which will or may likely affect its ability to fulfill its obligations under this Agreement;
- (h)* it will provide **HSPL** and each of its officers, employees, and contractors with access to the Designated Area, it has either obtained independent financial services, account, taxation, and legal advice in relation to this Agreement or has agreed to enter into this Agreement without seeking such advice on its own accord;
- (i)* it has entered into this Agreement on its own free will

without any duress or coercion, and has taken all steps to satisfy itself to understand its obligations and the terms in this Agreement; and

- (j) it understands that **HSPL** is not prevented by this Agreement from entering into other similar agreements on substantially the same terms, globally.

16. WARRANTIES BY HSPL

16.1 HSPL warrants and represents to SG that -

- (a) it has the power to enter into and observe its obligations contained in this Agreement and any Related Agreements;
- (b) it has received all corporate authorities and approvals required to enter into and observe its obligations under this Agreement, and any Related Agreements;
- (c) it holds all authorisations necessary for it to enter into and observe its obligations in this Agreement and any Related Agreements;
- (d) its obligations in this Agreement are valid, binding, and enforceable according to their terms;
- (e) it does not breach any law or any obligation to any other person by entering into this Agreement;
- (f) all the information it has given to the other Party is correct and not misleading or deceptive;
- (g) it has not withheld any information that might have caused the other Party not to have entered into this Agreement;
- (h) the entry into and observance and performance of its obligations under this Agreement do not violate or conflict with or require any consent or waiver under any of the terms or conditions in its governing documents or any material contract to which it is a party or by which

any of its assets are bound or affected.

- 16.2 Notwithstanding any other provision in this Agreement, in no circumstances shall either Party be liable to the other for any indirect or consequential losses suffered by the other Party, other than as is provided in this Agreement.

17. FURTHER ACTION

- 17.1 Each party undertakes to do everything necessary to carry out this Agreement, including but without limitation, to -

- (a) executing documents; and
- (b) ensuring its employees and agents act in a way that is consistent with its obligations under this agreement.

- 17.2 Each party undertakes not to do anything that will prevent this agreement from being carried out or that will make this agreement less likely to be able to be carried out.

18. FORCE MAJEURE

If the performance of this Agreement or any obligation hereunder is prevented, restricted or interfered with by reason of failure of supply, fire, explosion, breakdown, strike, labour dispute, accident, lack of transportation, epidemic, pandemic, cyclone, flood, earthquake, drought or lack of raw materials, power supplies, war, revolution, civil commotion, acts of God, blockade or embargo or any law, order, proclamation, decree or requirement of any government or any authority or representative thereof or any other acts whatsoever beyond the reasonable control of the Parties hereto, then -

- (a) the Party so affected, upon giving prompt Notice to the other party, will be excused from such performance to the extent of such prevention, restriction, or interference; and
- (b) the other Party will likewise be excused from performance of its obligations to the extent such obligations relate to the performance so prevented,

restricted, or interfered with provided that the party so affected must use its best efforts to avoid and to remove such causes of non-performance. The parties will resume performance of their respective obligations as soon as is practicably possible when such causes are removed.

19. DISPUTE RESOLUTION

19.1 If a dispute arises between any of the Parties (**Disputing Parties**) in connection with this Agreement (a **Dispute**), the Dispute must be resolved in accordance with the Dispute Resolution Procedure in this clause.

19.2 If a Dispute arises in connection with this Agreement, a Disputing Party must give a written Notice to the other party specifying the details of the Dispute and requiring resolution of the Dispute under this clause (**Dispute Notice**).

19.3 The Dispute Notice must specify the following details:

- (a) the nature of the Dispute;
- (b) the desired outcome of that Party; and
- (c) the action which that Party believes will resolve the Dispute.

19.4 Within 5 Business Days of giving the Dispute Notice, the Disputing Parties must meet to resolve the Dispute or to decide the method of resolving the Dispute.

19.5 If the Disputing Parties are unable to agree on how to resolve the Dispute within 10 Business Days after the Dispute Notice is given, unless otherwise agreed, then -

- (a) the Parties are to attend mediation in Singapore;
- (b) the Disputing Parties must comply with any guidelines established by the United Nations Convention on International Settlement Agreement Resulting from Mediation for a Settlement Agreement to be enforceable

under that Convention (Singapore Convention on Mediation);

- (c) the mediator must nominate a time and location for the mediation in Singapore;
- (d) each Disputing Party (who may be represented by a person who has the authority to enter into an agreement to settle the Dispute on behalf of that Party) must attend the mediation and try and resolve the Dispute;
- (e) unless otherwise agreed by the Disputing Parties, the Disputing Parties will be equally responsible for the costs of the mediation (including the costs of the mediator, the cost of room hire, and the cost of any additional input (such as expert reports) agreed by the Disputing Parties to be necessary for the proper conduct of the mediation);
- (f) the Disputing Parties must pay for their own costs of attending the mediation; and
- (g) the agreement reached in mediation shall have full force and effect in accordance with the Singapore Convention on Mediation.

19.6 If the Disputing Parties are unable to resolve the Dispute within 60 days of the commencement of the mediation, then either party may ask the mediator to terminate the mediation, in which case the mediator must do so, unless the mediator is satisfied that a resolution of the Dispute is imminent.

19.7 A party to this Agreement must refrain from commencing legal proceedings in relation to a dispute arising from this Agreement unless it has first complied with the dispute resolution procedures set out in this clause. Save where the other Disputing Party or Parties have failed to comply with the Dispute Resolution Procedure set out in this clause, or, where all Disputing Parties have complied with the Dispute Resolution Procedure, the Dispute has not been adequately resolved by the Dispute Resolution Procedure within 60 days from the date of commencement of the mediation.

19.8 Nothing in this clause or otherwise in this Agreement affects the right of a Party to this Agreement commencing legal proceedings under or in respect of this Agreement or a matter arising out of this Agreement.

19.9 Notwithstanding the existence of a Dispute, the parties shall continue to perform their respective obligations under this Agreement to the extent that the performance of these obligations are not the subject of the Dispute.

20. AMENDMENT

This Agreement may only be amended in writing and duly signed by the Parties.

21. CERTAIN OBLIGATIONS TO CONTINUE UPON TERMINATION

21.1 Upon termination of this agreement, all outstanding obligations owed by any Party to any other Party shall be discharged at that time, save the obligations set out below.

21.2 The following obligations shall not be discharged by any Termination of this Agreement whatsoever, and shall in any event not be discharged by operation of clause 14:

(a) Any obligation to indemnify, arising under clause 14.4 and clause 14.8, and crystallizing prior to the date of Termination;

(b) Dispute resolution obligation under clause 28;

(c) Confidentiality obligations under clause 12.

(d) Any other obligation which the Parties shall deem fit to continue.

22. COUNTERPARTS

22.1 This Agreement may be electronically executed in any number of counterparts. A counterpart may be a facsimile or electronic

copy.

- 22.2 Together all counterparts make up one document.
- 22.3 If this Agreement is executed in counterparts, it takes effect when each Party has received the counterpart executed by each Party or would be deemed to have received it if a Notice.

23. NOTICE

23.1 Notice must be in writing and in English and may be given by an authorised representative of the sender.

23.2 Notice may be given to a person:

- (a) personally;
- (b) by leaving it at the person's address last notified;
- (c) by sending it by pre-paid mail to the person's address last notified;
- (d) by email.

23.3 Notice is deemed to be received by a person:

- (a) when left at the person's address;
- (b) if sent by pre-paid mail, three Business Days after posting; and
- (c) if sent by email, at the time and on the day shown in the sender's transmission report, if it shows that the whole notice was sent to the email last notified.

23.4 Notwithstanding the above, if the notice is deemed to be received on a day which is not a Business Day or after 5:00 pm, it is deemed to be received at 9:00 am on the next Business Day.

23.5 If two or more persons comprise a party, notice to one is effective notice to all.

24. WAIVER OF VARIATION

24.1 A Party's failure or delay to exercise a power or right shall not operate as a waiver of that power or right.

24.2 The exercise of a power or right shall not preclude -

(a) its future exercise; or

(b) the exercise of any other power or right.

24.3 The variation or waiver of a provision of this Agreement or a Party's consent to a departure from a provision by another Party will be ineffective unless it is in writing and duly executed by all the Parties.

25. ENTIRE AGREEMENT

In relation to the subject matter of this Agreement:

(a) this Agreement is the entire agreement between the Parties; and

(b) this Agreement supersedes all oral and written communications prior to the entry into this Agreement by or on behalf of any of the Parties.

26. NO RELIANCE ON WARRANTIES AND REPRESENTATIONS

26.1 In entering into this Agreement, each Party:

(a) has not relied on any warranty or representation (whether oral or written) in relation to the subject matter of this Agreement made by any person; and

(b) has relied entirely on its own enquiries in relation to the subject matter of this Agreement.

26.2 This clause does not apply to warranties and representations that this Agreement expressly sets out.

27. SEVERANCE

If any part of this Agreement is illegal, invalid, or unenforceable, that illegal, invalid or unenforceable part of this Agreement should be deemed as severed from the remainder of this Agreement. Those parts of this Agreement which are not, of themselves, illegal, invalid or unenforceable continue in full force.

28. GOVERNING LAW IN DISPUTE RESOLUTION

28.1 This Agreement shall be governed by the Laws of the State of Sabah or the Laws of the Republic of Singapore.

28.2 To the extent that any of the Parties may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to this Agreement, to claim for itself or its revenues, assets or properties any immunity from suit, the jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of a judgment, set-off, execution of a judgment or any other legal process, and to the extent that in any such jurisdiction there may be attributed such immunity (whether or not claimed), each of the Parties agrees not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction and hereby agrees that the foregoing waiver shall be enforced to the fullest extent permitted under the relevant laws.

28.3 Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Singapore.

IN WITNESS WHEREOF the Parties have hereunto set their hands the day and year first above written

SIGNED for and on behalf of the Government of the State of Sabah by **MR. FREDERICK KUGAN [NRIC: 640224-12-5079]**, Chief Conservator of Forests, duly authorised under section 3 of the Government Contract Act 1949 (revised 1973) in the presence of:

(1) Name: **YAB Datuk Seri Panglima Haji Hajiji Bin Haji Noor**, Chief Minister of Sabah

NRIC:
Date: _____ September 2021

Chief Conservator of Forests

Date: _____ September 2021

(2) Name: **YB. Datuk Seri Panglima Dr. Gapari Bin Katingan @ Geoffrey Kitingan**, Deputy Chief Minister of Sabah

NRIC: 471022-12-5367
Date: _____ September 2021

SIGNED for and on behalf of **HOCH STANDARD PTE. LTD. (UEN.201930288H)** by **Dr. Ho Choon Hou [IC:S7248979I]** duly authorised by the Company and affixing the Company seal in the presence of:

Name: Mr. Stan Golokin
Designation: Corporate Adviser
NRIC: 530107-12-5187
Date: _____ September 2021

Director
Date: _____ September 2021

**SCHEDULE
(Clause 1.1)**

ITEM	CLAUSE(S)	PARTICULARS
1	Clause 3.1	Commencement Date
2	Clause 1.1	Term - 100 years
3	Clause 1.1	100 years after the Commencement Date

4	Clause 1.1	Renewal Term – 100 years
5	Clause 1.1 Clause 2.2	Eligible Interest Holders: SG
6	Clause 1.1	Details of Designated Area
6 (a)	Clause 9.1(c)	SG area
7	Clause 7.4	SG's Revenue Portion: Bank Details of SG