

AGREEMENT

hereinafter referred to as “The Agreement” between

Kwamtili Estate Ltd, P.O. Box 120, Tanga, a registered company hereinafter referred to as “Kwamtili Estate” and

Kwamtili Group, Kwamtili, Mkinga District, hereinafter referred to as “Kwamtili Group”, being a group of individuals listed in an annexe to this Agreement with this list subject to updating according to this Agreement and having as its officers a duly elected Chair, Treasurer and Secretary as designated in an annexe to this Agreement and subject to updating according to this Agreement,

for a concession to cultivate, manage, process and sell cocoa originating from the leaseholds held by Kwamtili Estate in Mkinga District, hereinafter referred to as “The Estate”.

Whereas the Kwamtili Group wishes to enter into an agreement with Kwamtili Estate for the purposes of cultivating, managing, processing, and selling cocoa originating from the Estate, and

whereas Kwamtili Estate agrees to contract the cultivation, management, processing, and selling of cocoa originating from the Estate,

this Agreement witnesses as follows:

1. Scope of the Agreement

The scope of the Agreement comprises the following activities to be undertaken by Kwamtili Group:

- undertaking all husbandry practices necessary for the production of cocoa on the Estate’s existing trees to ensure maximum quality production;
- establishing with the agreement of Kwamtili Estate cocoa nurseries in designated areas of the Estate;
- planting with the agreement of Kwamtili Estate new cocoa on designated areas of the Estate;
- harvesting, processing, drying, grading, and storing cocoa beans for sale by Kwamtili Group using facilities provided by Kwamtili Estate;
- providing security for the entire Estate in accordance with an agreed inventory (hereinafter referred to as the “Inventory”) of agreed items annexed to this Agreement detailing forested areas, cultivated areas leased to tenants, areas covered by cocoa trees, buildings, plant, infrastructure, and any other items Kwamtili Estate details in the Inventory that is finalised with the last signature to this Agreement;
- maintaining in good order all items specified in the Inventory.

2. Duration of the Agreement

The Agreement shall be for a period of one (1) year renewable for one-year periods hereafter.

The Agreement will normally start each calendar year on the January 1st and end on December 31st.

The Parties may however wish to enter into the Agreement at the beginning of a calendar month outside the cocoa harvesting seasons defined as October to December and April to June.

3. Fee

In exchange for the concession to harvest, process and sell cocoa, Kamtili Group shall pay an annual fee of TZS 100,000 (one hundred thousand Tanzania shillings) to Kwamtili Estate.

The fee must be paid before entering into or renewing the Agreement and must be handed over in cash to a designated Kwamtili Estate representative or paid to a Kwamtili Estate bank account.

4. Obligations of Kwamtili Group

The Kwamtili Group shall:

- bear all the costs of seedlings, fertiliser, labour, chemicals, pesticides, tools, and machinery required for maintaining the cocoa according to accepted agronomic standards and for processing, drying, transporting and storing the cocoa;
- be responsible for security of the entire Estate in accordance with the Inventory, guarding against theft, arson and other activities that damage the Estate's wellbeing including encroachment, the cutting of trees, the clearing of land and forested areas, and damage to habitats and watercourses;
- be responsible for maintaining in working order all items designated in the Inventory;
- provide reports on the status of all aspects of the Kwamtili Group's responsibilities fortnightly to a designated representative of Kwamtili Estate. The report is to be given verbally by at least four (4) members of Kwamtili Group, including the Kwamtili Group chair. The date, time and place of each meeting to take the report will be agreed at the meeting preceding each meeting, with the first meeting each year being agreed by both Parties prior to the last signature on the Agreement, and not more than one month after the last signature on the Agreement.

5. Obligations of Kwamtili Estate

Kwamtili Estate:

- shall provide Kwamtili Group with unrestricted access to the areas of the Estate that are designated as nurseries or cocoa growing areas;
- shall provide Kwamtili Group with unrestricted access to use buildings, plant, machinery and tools designated in the agreed inventory;
- accept reasonable wear and tear of buildings, plant, machinery and tools designated in the Inventory but with no obligation to repair or replace damaged, degraded, irreparable or missing buildings, plant, machinery and tools designated in the Inventory

6. General provisions

For the purposes of implementing this Agreement:

- any and all correspondence shall be addressed to the Kwamtili Estate auditor or to another person designated in writing by Mr. Dennis Fielder, Managing Director, Kwamtili Estate, or his successors as majority shareholder, Kwamtili Estate;
- the only instructions upon which Kwamtili Group should act are those issued by a person designated in writing by Mr. Dennis Fielder, Managing Director, Kwamtili Estate, or his successors as majority shareholder, Kwamtili Estate;
- Kwamtili Group shall be responsible for all government levies and taxes related to the conduct of the activities referred to in this Agreement;
- aside from the fortnightly report, Kwamtili Estate will carry out an annual inspection within one month of the annual finalisation and signature of this Agreement to update the Inventory.

7. Kwamtili Group constitution

Kwamtili Group shall be established as follows:

- the list of individuals comprising Kwamtili Group, being the group of individuals listed in an Annexe to this Agreement, shall be established before the last signature to this Agreement;
- the number of individuals who are members of Kwamtili Group shall not exceed fifteen (15) named persons;
- Kwamtili Group shall have a duly elected Chair, Treasurer and Secretary as officers from among its members which are designated in an Annexe to this Agreement;
- changes to the list of members and changes to the elected officers must be notified in writing to Kwamtili Estate;
- Kwamtili Group must provide written evidence that the election of officers has taken place according to the regulations established by the Tanzania Government to regulate groups registered in law;
- in any event, elections must be held each year with officers a) elected for a maximum of three consecutive terms and b) re-elected after one further year has passed;
- it is expected that all members of Kwamtili Group will have similar responsibilities and duties, with each working to a significant extent in maintaining the cocoa growing areas.

8. Termination of the Agreement

This Agreement may be terminated immediately in writing at any time by Kwamtili Estate if:

- Kwamtili Group carries out any activity on the Estate that is not covered by the provisions of this Agreement or is illegal in nature or not otherwise approved in writing by the designated Kwamtili Estate representative or the Kwamtili Estate Managing Director or his successors;
- Kwamtili Group does not meet its responsibilities to keep the cocoa trees and the cocoa production facilities and equipment in good order and to provide security and prevent material degradation of any aspect of the Estate.

The Agreement can be terminated by either party by giving at least three (3) months' notice in writing to the other party, at which point the parties will carry out an orderly review of the items detailed in the Inventory. Any losses or deterioration beyond reasonable wear and tear must be made good by the Kwamtili Group.

Upon termination of the Agreement, any processed cocoa in storage may be removed from the Estate by Kwamtili Group.

9. Intention of goodwill

Both parties agree to work amicably towards the successful implementation of this Agreement and declare their intent to resolve amicably any disagreement on the interpretation of any clause or any circumstance implied herein or arising out of the implementation of this Agreement.

This Agreement comes into effect on:

Signed:

Managing Director
Kwamtili Estate

Chair
Kwamtili Group

Date:

Date:

Annexe: Kwamtili Group

Members (name and village of residence):

Officers (name, village of residence, and date of election)

Chair:

Secretary:

Treasurer:

Annexe: Kwamtili Estate – inventory of agreed items