

Kamlapar Land Group Inc.
PO Box 777
Kokopo
East New Britain Province
Papua New Guinea

Attn: Mr. Ruel Yamuna
Managing Director
Climate Change & Development Authority
PO Box 104
Boroko
National Capital District
Papua New Guinea

and: Mr. David Antonioli
Chief Executive Officer
Verra
One Thomas Circle
NW Suite 1050
Washington DC 20005
United States of America

Date: 12th June 2021

Dear Mr. Ruel Yamuna and Mr. David Antonioli,

SUBJECT: ILLEGAL OPERATIONS BY NIHT Inc, A CARBON TRADE COMPANY

This letter refers to a U.S. Company, New Ireland Hardwood Timber (NIHT), and its Papua New Guinea registered company NI Holdings, which entered our Kamlapar clan's customary land without the clan's consent. NIHT was engaged by Kamlapar clan members that do not have any authority under our ILG, through their own landowner company. The customary land is situated on the west coast of Konoagil Local Level Government (LLG), Namatanai District, New Ireland Province. The manner in which NIHT is operating is illegal as it does not follow Papua New Guinea's laws, and they have used fraudulent ways to obtain their VCS project and carbon credits.

We wrote our first letter to the PNG Climate Change and Development Authority (CCDA) on the 16th October 2020 (Annex 1) to urgently stop the carbon credit project by NIHT but we never received any response. There were two CCDA reps sent to talk to the resource owners, but instead they only talked to the NIHT supporters who are not the resource owners and they returned with inaccurate reports, and nothing was done.

Only last month Mrs Gwen Sissiou and Mrs Eunice Dus of the CCDA finally made a visit to come talk to us, but their trip was sponsored by NIHT and they came together with one of the unauthorised landowner company executives, so it was not independent. Mrs. Gwen Sissiou told us CCDA will write a letter to Verra to tell them to stop the carbon credit sales of the NIHT Topaiyo REDD project, but we don't know if she has done that.

Today we write again to CCDA to inform you that all activities by NIHT and any carbon credit payments have to be stopped, until all issues detailed below in our letter have been settled. We also send this letter to Verra to ask you to stop all sales of the carbon credits of our project area and to stop the NIHT Topaiyo REDD Project until all issues have been resolved.

Our main reasons for demanding this are:

1. We do not recognise the current carbon credit contract between NI/NIHT and Kamlapar ILG, signed on 12th February 2020, due to failure by NI/NIHT not allowing Kamlapar clan sufficient time, given our rights of Free, Prior and Informed Consent (Annex 2). This contract was signed directly at the end of our very first meeting we had with NI/NIHT on the project in Kokopo Town. We were never given the time to discuss the project and the contract with our other clan members, and have prior independent legal advice from a lawyer to advise us on our legal right under PNG law, so that we would make a free, prior informed consent under this contract. There has never been any proper explanation given to us the Kamlapar Incorporated Land Group Executives and our other clan members about how the project would work. There was only ever one short meeting in Kait village only talking about money not about the content of the contract or properly explaining to us how the project would work. This meeting was held one week after we signed the original contract, because NIHT needed us to sign again to link the contract to our old ILG (Annex 3). We demanded a review to our carbon credit contract in a letter to NIHT dated 3rd March 2020 (Annex 4), and requested for a meeting, but only received a very confusing unsigned response from NIHT dated 4th March 2020 (Annex 5). A short time after this, NIHT acknowledged our objection to the signed contract and invited us for a renegotiation meeting in Kokopo Town, and at the end of the meeting said they agreed to our conditions. They asked us to come again 2 days later, but then we saw the printed new agreement was different again from what we agreed upon, and we refused to sign. Then we asked a Kokopo State Solicitor to help us draft a new agreement (Annex 6) and NIHT told us their lawyer in America had cleared the agreement, and they were ok to sign it. NIHT then kept on delaying the signing, claiming that their lawyer and CEO had to come over to PNG and that the corona restrictions were delaying this. This all happened before the VCS audit, and we now know that they lied to us and just kept us waiting, while they went ahead using the first signed contract to get VCS validation and verification and the carbon credits issued. To date we have not signed any new carbon credit agreement with NI/NIHT, and we revoke the original carbon credit agreement signed for the reasons mentioned above. This means the NIHT project breaches Clause 87 on FPIC of the PNG Climate Change Management Act (CCMA) 2015, and Clause 88 on recognising and respecting the rights of the customary landholders, as they knowingly went ahead with VCS project validation and verification without having a proper agreement in place with the customary landowners, Kamlapar clan.
2. The original carbon credit contract was not submitted to the State Solicitor's Office in Port Moresby for legal clearance before our signing, as is required under Subclause 90(2) of the CCMA.
3. With the carbon credit contract breaching Subclause 90(2), Subclause 90(5) applies which says: "*An agreement under Subsection (1) shall comply with the requirements under Subsections (2), (3) and (4) and failure to comply with any one or more of these requirements shall render the agreement under Subsection (1) invalid and unenforceable for all intents and purposes.*" This means that the original carbon credit contract signed is null and void as per the CCMA. So even if CCDA and Verra would not want to acknowledge that the original carbon credit contract Kamlapar ILG signed with NI/NIHT is not valid because we have revoked it because of the reasons given in this letter, they will have to acknowledge that also under the CCMA it is invalid.
4. All meetings held between NIHT and the landowners since the start of negotiations were not held in Kandas of Konoagil LLG where the resource and people of the Kampalar clan are located, but were held in Kokopo Town with only selected people attending. Only one meeting was held in Kait village which was only for a few hours, talking about all the big money NIHT we would receive, all in English and not properly explaining how the benefit

sharing would work. NIHT has never spend any other time in the village to give awareness on how the project will work. Our Kamlapar clan Paramount Chief Kolgi Joel Tamanriu has never met or spoken with Mr. Steven Strauss.

5. We have never seen a copy of the benefit sharing system under the project, and we have not agreed to it. NIHT has been making false claims to CCDA and Verra about Kamlapar ILG and the Kamlapar clan Paramount Chief agreeing to their benefit sharing system, claiming in their VCS Project Document that there was an online meeting, but our Chief and Chairperson never attended this meeting. We only have some information on benefit sharing from the original contract, that NIHT wants to give landowners 56% of revenue, but we are confused about the meaning and use of revenue and net revenue, and at the time of signing we did not understand the meaning of all ILG's being part of the project area and funds being allocated on a pro-rata basis. We now understand it means that funds from carbon credits from our forests are given to other clans outside of our project area, even when they do not yet have any project or credit themselves, as has already happened (See newspaper article on this in Annex 7). The carbon credits from the survey of our forests are our credits and funds from selling them should not be given to others. They can have their own from their forests. Also by heaping all credits NIHT makes it very difficult to know how much the landowners are supposed to get, and also other clans may have very little forest they protect and a big population, so they would get much more than us, which is not right. Also some clan leaders and ILG executives have been selling shares and adding outsiders to their clan membership master lists. When we asked them about it NIHT told us that their benefit sharing arrangement to pay cash into individual's accounts was a requirement of the UNFCCC and would have to be followed. We now know that this was a lie, and we do not agree with the current benefit sharing system by NIHT.
6. There is no sustainable land use plan over the project area made by the Kamlapar clan members together with all other clans with land use rights. How can NIHT say that the forest will stay everywhere, when the customary land owners and users have not made a plan for the use of the land in the project area? The way of working by NIHT is creating disharmony and confusion in our communities, where they should work with all clans and properly explain how their project would work and then help the communities to do sustainable land use planning, so then it is clear which forest areas will be under the project, and which ones can still be cleared for future food gardens and cash crop blocks. We asked NIHT to help us do a sustainable land use plan for the project area, but they refused. Now there is logging in the project area, and if NIHT would have worked with the whole community and at the community and not only have meetings and trainings in Kokopo Town, that would not have happened. With this NIHT breaches Clause 93 (2) of the CCMA, which talks about all affected landholding clans that may have user and other customary rights in relation to the project area to be involved in the project.
7. The Kamlapar Incorporated Land Group (ILG) is currently taking our unauthorised clan members to court for fraudulently engaging NIHT. They were caught as perpetrators to deception by committing a crime through a wrongful act to deceive and mislead NIHT as if they were the signatories or authorities to the Kamlapar ILG when in fact they are not.
8. NIHT knowingly continued to engage with the unauthorised individuals and gave false information to CCDA and Verra to be able to pass the VCS audit and get carbon credits from Verra. NIHT told us that these individuals were banned from their office and the project, but they lied to us and continued to work with them.
9. There is an ongoing legal challenge over the ownership of the land called Kalu Girino situated at King Village, Konoagil Local Level Government (LLG), Namatanai, with a restraining order issued by the Kavieng District court on the 26th November 2020 to restrain Matmon Unde and Gideon Tomalia (Annex 8), two of the mentioned unauthorised Kamlapar clan members. As this dispute was not settled in court during the duration of the

restraining order, an application for a new restraining order has been registered with the Kavieng District Court, which now also includes NIHT Inc (Annex 9).

10. Kamlapar clan which is the immediate resource owner has not been informed or invited even to a single meeting and deny having any knowledge of who and what Topaiyo Landowner Association (TLA) is, or how it was formed. As made clear in our letter to NIHT dated 3rd March 2020, we do not know who works for it or what it is doing or what it is supposed to do. We want to have a direct agreement with NIHT only, and do not want any other unnecessary companies or organisations being involved.
11. Kamlapar ILG executives were not part of the VCS audit, and we never knew it happened. We were only told a boat would come to pick some of us up for an interview, but we did not know what kind of interview, and the boat never came to Kait village, it only went to King village to pick up some of the same people that NIHT told us they had banned from working with them. Also the auditors knew nothing about Papua New Guinea and did not use a local expert who could have realised they were talking to the wrong people, and what other things were wrong. NIHT never told us that they got VCS and already got carbon credits from our land, and that they have already been selling some credits. With NIHT's project being illegal, these credits are illegal and should be put on hold.

A special Kamlapar ILG Executives meeting was convened on the 28th of April 2021 to discuss and agree on resolutions for consideration by NIHT Inc. if they want to continue their project on our land. After further deliberations following the visit from CCDA, these are the main issues for NIHT to consider:

- a) NIHT to reform its operational structure based on partnership merits. Being partners, NIHT must honour Kamlapar's interest as the resource owners.
- b) Kamlapar ILG to be the partner with NIHT, also Kandas Landowner Association to replace Topaiyo Landowner Association.
- c) NIHT to sign a contract according to Kamlapar's interest, based on gross income with all project development and management costs to be covered by the agreed commission allocated to NIHT under this contract.
- d) A consent order between NIHT and Kamlapar ILG to be secured in court to remedy the issues raised in this letter.
- e) The carbon credit trade licence to be granted to Kamlapar ILG.
- f) All carbon credit sales to be put on hold and all revenue from sales already made to be disclosed in full and this full amount to be kept frozen in a separate account until all issues mentioned have been resolved. No further payments to any other clans that do not yet have their own carbon credits by NIHT.

At present we are not sure if we do want to continue with NIHT, because they have been lying to us before and also broken our agreements made during our round table discussions with them for a direct partnership between NIHT and Kamlapar ILG.

To conclude, we demand that CCDA orders NI/NIHT to halt all its operations on our land and also with all other clans they are engaging with under the VCS Topaiyo REDD Grouped Project, as their operations are illegal, breaching the PNG Climate Change Management Act 2015 and their way of operating is not in line with our PNG customs and ways, and they are shortcutting their projects with no community level work on sustainable land use plans.

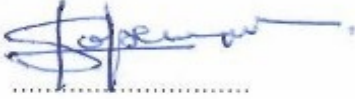
We also demand that Verra stops all credit sales from the project and does not allow any new clan groups to join the project. This project has obtained VCS approval with carbon credits given to NIHT through fraudulent ways, is not meeting the legal requirements of our country and is operating in a way that is not in line with our PNG customs and ways. All issues mentioned in this letter need to be resolved first before NIHT should be allowed to continue with the project.

Yours faithfully,



Kolgi Joel Tamanriu

(Paramount Chief Kamlapar Clan)



Sionel Topen

(Chairman)



Anthony Tobing

(Deputy Chairman)



Menalom Henry

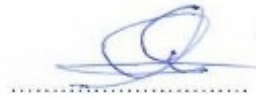
(Secretary)



Tom Oscar

(Treasurer)

For



Selman Emos

(DSA Chairman)



Kelly Roboam

(DSA Deputy Chairman)



Bill Penias

(Church rep)



Ailine Sioni

(Women's rep)



Bonny Kapa

(Women's rep)

Cc.

- Prime Minister of Papua New Guinea – Hon. Mr. James Marape
- Minister for Environment, Conservation & Climate Change – Hon. Mr. Wera Mori
- Governor New Ireland Province – Hon. Sir Julius Chan
- New Ireland Provincial Administration – Mr Lamilia Pahut
- C.E.O. New Ireland Provincial Administration – Mr. Moses Taram
- NIHT Inc. – Mr Steve Strauss
- NI Holdings – Mr. Esrom Toligur