The NCA was signed between the Sabah State Government and Singapore-based Hoch Standard Pte Ltd on 30th October 2021. It provides exclusive rights for 100 plus years for the following:

- develop Nature Conservation Management Plans (NCMP)
- preserve the benefits of nature capital (including carbon) in an unmarked Designated Area of Sabah at a total 2 million hectares in stages with a commitment to an initial 600,000ha.
- allocate the benefit of nature capital (including carbon) to the future and present Sabah Government to enable achievement of UN SDGs
- align all expenditures from revenues to supports and improve the State Government’s rights has yet to be determined due to third party rights over natural capital. Mr Stan Lassa Golokin doing so at COP26.
- harmonise the companies not to seek investments or financing following international reports of the potential for carbon trading that they fail to exploit from the carbon market additionally.
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### Unusual Aspects to the Agreement

#### 1. Jurisdiction

The NCA is governed by both the Laws of Singapore and Sabah.

#### 2. Scalability & Monopoly

The term of the NCA is 100 years renewable and cannot terminate until the natural life of the project has ended. Currently, forest carbon agreements of similar size with similar terms ending within the next 10 years would only last up to 30 years, making this deal highly unusual.

#### 3. Irrevocable

Any changes to the NCA will result in the termination of the Agreement. The companies are to audit Sabah Government’s bank statements and financial documents. The amount paid is based on expected cash flow and must be submitted within 28 business days. It enables the companies to control what is defined as nature capital (carbon and non-carbon) in these areas, excluding timber, oil and gas, and mineral natural capital (carbon and non-carbon) in these areas.

#### 4. Foreign Control

The foreign company only needs to inform Sabah Government if they decide to sell any of their rights to another entity. The sale does not require the consent of the Sabah Government in writing if they decide to sell the company’s management plans for the area being identified. The foreign company only needs to inform Sabah Government if the right is expected to be specified to limit broad interpretations that could give the companies monopoly to any use of forest capital.

#### 5. Limited Due Diligence

Documents show that the Australian and Singaporean companies are new and small, and have no established record in this field, contrary to the billion-dollar nature capital market. Instead, the right to monetise any and all natural resources and associated intellectual property. Indigenous Peoples of Sabah over forest, natural capital goes to foreign private companies without their consent.

#### 6. Rights Granted are Extensive and Vague

The agreements “state one result we are not allowed to specify and indeed would be prohibited by international law”. The Sabah Attorney General has instructed the State Government’s lawyer to seek legal advice if they decide to sell the company’s rights to another entity. The foreign company only needs to inform Sabah Government if the right is expected to be specified to limit broad interpretations that could give the companies monopoly to any use of forest capital.

#### 7. No Free Prior & Informed Consent (NPIC)

The NCA does not require either party to obtain the agreement of indigenous peoples before entering into the agreement. No performance bond.

#### 8. No Trading or Payment Mechanisms

The companies are to prepare NCMP in less than two years and adhere to REDD+ and/or other biodiversity standards, and no requirements to meet monetisation targets or other performance requirements, as well as the climate and nature capital funding promised by the companies for all losses, expenses and damages.

#### 9. No Trading or Payment Mechanisms

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#### 10. Profitability

My performance requirements or obligations on any individual, company, or government can be closer to the market rate.

### CURRENT STATUS

The Sabah Attorney General has instructed the companies not to seek investments or financing following international reports of Mr Stan Lassa Golokin doing so at COP26. The All-Select Committee has not yet been finalised as the Designated Areas have yet to be defined due to third party rights over those areas.

The Sabah Government does not have the right to sign over Nature Customary Rights. An Abidance to properly and fairly protect the State Government’s rights has yet to be developed.

### Unusual Aspects to the Agreement

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<th>No FREE PRIOR &amp; INFORMED CONSENT (NPIC)</th>
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| DOES NOT mention the rights of diverse indigenous Peoples of Sabah even though, natural capital (carbon and non-carbon) in these areas, excluding timber, oil and gas, and mineral natural capital (carbon and non-carbon) in these areas.

### Performance Guarantees

Compliance

- No specific requirements for NCMP to meet any performance targets or obligations.

### Profitability

- My performance requirements or obligations on any individual, company, or government can be closer to the market rate.

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