



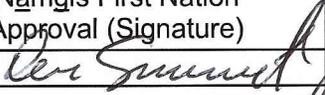
Namgis Economic Development Corp.

Governance Policy

March 21, 2019

v2.0

DOCUMENT HISTORY

Version #	Date	Key Updates	'Namgis First Nation Approval (Signature)
1.0	January 22, 2019	Original issue	
2.0	March 21, 2019	Updated to reflect changes arising from the development of the Directors' Terms of Reference	

CHAPTER 1 – INTRODUCTION	- 4 -
PURPOSE OF THIS DOCUMENT	- 4 -
NEDC MANDATE	- 4 -
NFN'S MISSION STATEMENT	- 4 -
CHAPTER 2 – GUIDING PRINCIPLES.....	- 5 -
CHAPTER 3 – CORPORATE AND PARTNERSHIP STRUCTURES	- 6 -
.....	- 6 -
HOLDING CORPORATION	- 6 -
SUBSIDIARIES	- 6 -
LIMITED PARTNERSHIPS	- 6 -
CHAPTER 4 – STRUCTURE OF BOARD AND REQUIRED SKILLS SET	- 9 -
NEDC BOARD STRUCTURE.....	- 9 -
REQUIRED SKILLS SET	- 9 -
CHAPTER 5 – CRITERIA FOR NEW BUSINESS.....	- 11 -
.....	- 11 -
MANDATORY CRITERIA.....	- 11 -
DESIRED CRITERIA.....	- 11 -
APPROVAL PROCESS.....	- 11 -
PROHIBITED ACTIVITIES.....	- 12 -
CHAPTER 6 – KEY RESPONSIBILITIES AND OPERATIONAL REQUIREMENTS	- 13 -
KEY RESPONSIBILITIES AND REPORTING LINES	- 13 -
OPERATIONAL REQUIREMENTS	- 14 -

CHAPTER 1 – INTRODUCTION

PURPOSE OF THIS DOCUMENT

The purpose of this document is to set out the mandate, scope, objectives and limitations of the 'Namgis First Nation Economic Development Corporation ("NEDC") to ensure effective decision-making, transparency and accountability over NEDC and its portfolio of businesses. This Governance Policy applies to all 'Namgis First Nation ("NFN" or "Nation") Council Members ("Council"), NEDC Directors, NEDC staff and contractors involved in activities directly related to NEDC.

Governance refers to the processes and structures used to direct and manage an organization's operations and activities. It defines the division of power and establishes mechanisms to achieve accountability among stakeholders, the board of directors and management.

This Governance Policy is to be reviewed, and updated if required, on an annual basis.

NEDC MANDATE

To maximize the potential of commercial holdings, identify opportunities and develop new businesses for further economic growth and benefits for the Nation that is aligned with NFN's mission statement.

NFN'S MISSION STATEMENT

Based on a foundation of culture, the 'Namgis First Nation Council will strive to create a self-governing, prosperous, healthy community with a strong, self-sustaining economy so that every member has the opportunity to achieve their highest potential.

CHAPTER 2 – GUIDING PRINCIPLES

NEDC will maintain an overarching business structure that ensures:

1. NEDC creates and directs business opportunities, following the input and approval from its shareholders (the NFN through its Council);
2. Income, corporate or other taxes on all revenues are minimized, whether earned on or off reserve;
3. NEDC is transparent and accountable to the members of NFN;
4. Clearly delineated roles and responsibilities of all parties involved with NEDC;
5. Any investments from NFN for new businesses flows through NEDC; and
6. The Council, on behalf of the NFN, through its oversight of the NEDC Board is informed in relation to the business activities under the NEDC umbrella, but it does not engage in management of those entities.

CHAPTER 3 – CORPORATE AND PARTNERSHIP STRUCTURES

The following sets out the legal structures currently in place and to be utilized on a go-forward basis.

HOLDING CORPORATION

NEDC is a holding corporation. A holding corporation is a parent corporation that owns enough shares in another corporation to control its policies and management (a “Parent Corporation”).

A holding corporation exists for the sole purpose of controlling subsidiaries, rather than for the purpose of producing its own goods or services.

As a corporation, it is a legal entity created by statute that is separate from its shareholders and management. It can enter into contracts and own property in its own name, separately and distinctly from its shareholders. NEDC’s structure is as follows:

1. *Shareholders.* NEDC’s sole shareholder is the NFN, as represented by the Council of the NFN, who appoints the directors of NEDC.
2. *Directors.* The directors appoint officers and direct the CEO of NEDC.
3. *The CEO.* The person who manages the day-to-day operations of the NEDC. The CEO hires staff, retains contractors, pursues new business opportunities, and liaises with the directors and management of each limited partnership in which the NFN is a limited partner and the Council in their capacity as the directing mind of the sole shareholder of the NEDC, that being the NFN.

Liability is inherent in any business and the distancing of business from politics minimizes business liability to the NFN. With the NEDC structured as a corporation, it is defined as a separate legal entity that pursues economic development for its shareholder, the NFN. Under this arrangement, NEDC’s assets are separate from the NFN’s, which protects the NFN’s assets (e.g. government programs) from any liability incurred by any NFN business operations.

SUBSIDIARIES

NEDC owns 100% of the shares of the general partner corporations for each subsidiary.

NEDC appoints all of the directors of the subsidiaries and can terminate them if it believes that they are not doing a good job.

LIMITED PARTNERSHIPS

A limited partnership is a partnership created pursuant to the Partnership Act of British Columbia. In a limited partnership there is a general partner, who manages the limited partnership, and one or

more limited partners who are not allowed to engage in management.

The limited partners liability is limited to the amount of their investment except in cases where: 1) the limited partner engages in management, in which case, it becomes fully liable for all debts and other financial obligations of the limited partnership; or 2) where the NFN has guaranteed some or all of the financial obligations of a limited partnership. Loans made by a limited partner to the limited partnership become debts of the limited partnership.

General Partners

As stated above, the general partner of a limited partnership manages that limited partnership and has the following powers, among others, to:

- a) hire and fire staff to carry out the business of the limited partnership;
- b) enter into contracts on behalf of the limited partnership;
- c) borrow funds to finance the operations of the limited partnership;
- d) pay all costs and expenses of the limited partnership;
- e) acquire insurance;
- f) acquire property on behalf of the limited partnership;
- g) retain consultants, accountants and legal counsel on behalf of the limited partnership;
- h) provide financial and other information to the limited partner(s);
- i) act as the Registrar and Transfer Agent of the limited partnership;
- j) open and operate a bank account on behalf of the limited partnership;
- k) act on behalf of the limited partnership in any legal proceedings brought against, or on behalf of, the limited partnership;
- l) hold assets on behalf of the limited partnership; and
- m) to invest funds and make distributions of income on behalf of the limited partnership.

Limited Partners

A limited partner is not permitted to:

- a) Participate in the management or control of the business of the limited partnership;
- b) Execute any document which binds or purports to bind the limited partnership, the general partner or any other limited partner;

- c) Hold itself out as having the power or authority to bind the limited partnership, the general partner or any other limited partner; or
- d) Have any authority to transact any business or undertake any obligation or responsibility on behalf of the limited partnership.

A limited partner may have specific powers. The following examples are to be exercised by a Unanimous Resolution of the limited partners:

- a) Approving or disapproving the sale or exchange in a single transaction of all or substantially all of the business and assets of the limited partnership;
- b) Consenting to the amendment of the Limited Partnership Agreement;
- c) Waiving any default by the general partner on such terms as the limited partners may determine;
- d) Continuing the limited partnership in the event that the limited partnership is terminated by operation of law;
- e) Changing the fiscal year end of the limited partnership;
- f) Amending, modifying, altering or repealing any Special Resolution or Unanimous Resolution previously passed by the limited partners;
- g) Removing the general partner;
- h) Appointing a new general partner; and
- i) Dissolving or terminating the limited partnership.

Refer to “**NEDC Business Portfolio**” document for a current listing of general partner corporations and limited partnerships (“Subsidiaries”).

CHAPTER 4 – STRUCTURE OF BOARD AND REQUIRED SKILLS SET

NEDC BOARD STRUCTURE

The Board of Directors of the NEDC is comprised of a minimum of five (5) Directors to a maximum of seven (7) Directors, that includes: the NEDC CEO to represent management; and four (4) to six (6) independent Directors which shall not consist of elected members of the NFN Council, employees of the NFN or any person performing auditing services for the NEDC.

NFN can elect or appoint a Director for an initial term of up to four (4) years. NFN can re-elect or re-appoint the same Director for a further two (2) year term, twice, i.e. a Director may be a Board member for a maximum of eight (8) years continuously. At any time after a one (1) year's absence from sitting on the Board, a person is eligible to be elected or appointed as a Director as if it were the first time they had been elected or appointed. A rotating Board is established to ensure continuity.

A Board member who misses more than three consecutive regularly scheduled Board meetings is deemed to have resigned, unless he or she requests an exemption from the Board at least ten (10) days prior to the third regularly scheduled Board meeting. If the exemption is not requested until after the Director has missed two consecutive regularly scheduled Board meetings, then the Board will call an extraordinary meeting prior to the third regularly scheduled Board meeting to consider the Director's request for exemption. Otherwise the decision for exemption will be considered at the next regularly scheduled Board meeting.

Refer to the “**NEDC Board of Directors Terms of Reference**” document for detailed information on roles and responsibilities, as well as compensation.

REQUIRED SKILLS SET

Collectively, the Board MUST meet the following required skills, designations and experience:

1. Qualified Accountant;
2. Significant legal experience;
3. Proven experience working with BC First Nations;
4. Proven business experience;
5. Experience with government relations and initiatives;
6. Risk management expertise; and
7. Human Resources expertise.

In order to be appointed as a member of the Board of Directors:

1. The candidate must provide to NEDC an enhanced criminal records check confirming that they have not been charged or convicted of an indictable offence under the Criminal Code or an offence under the Controlled Drugs and Substances Act of Canada; and

2. The candidate must have either never been in bankruptcy or, if they have been adjudged as bankrupt or declared bankrupt, must have been discharged from bankruptcy for at least five years before submitting their application to be a member of the Board of Directors.

CHAPTER 5 – CRITERIA FOR NEW BUSINESS

Before any due diligence activities are undertaken by the NEDC on any business ideas / opportunities identified or presented to NEDC, the concept must be assessed against set criteria as set out below.

MANDATORY CRITERIA

Any new business **MUST**: 1) be legal; 2) comply with applicable Federal and Provincial statutes and regulations; 3) comply with applicable NFN's laws, policies and procedures; and 4) not involve prohibited activities.

DESIRED CRITERIA

Any new business **MUST** meet at least five out of the nine following **DESIRED** criteria:

1. The business is expected to be profitable;
2. The business will provide employment opportunities to NFN members;
3. The business will provide training / internship opportunities to NFN members;
4. The business is environmentally friendly;
5. The business is focused on value-added services / processes;
6. The business will provide local benefits and/or is focused on essential services;
7. The business will promote NFN culture;
8. The business is considered strategic, as in, it directly supports one or more goals / objectives set out in the NEDC 5-year Strategic Plan; and
9. The business is considered innovative.

APPROVAL PROCESS

Any idea / opportunity that has met the criteria above and has successfully passed NEDC's due diligence process, **MUST** have a sound business plan developed and reviewed by the Board prior to submission for investment approval by Council.

Refer to "**NEDC Operating Procedures**" for details on the Due Diligence, Business Plan Standards and New Business Approval Processes.

PROHIBITED ACTIVITIES

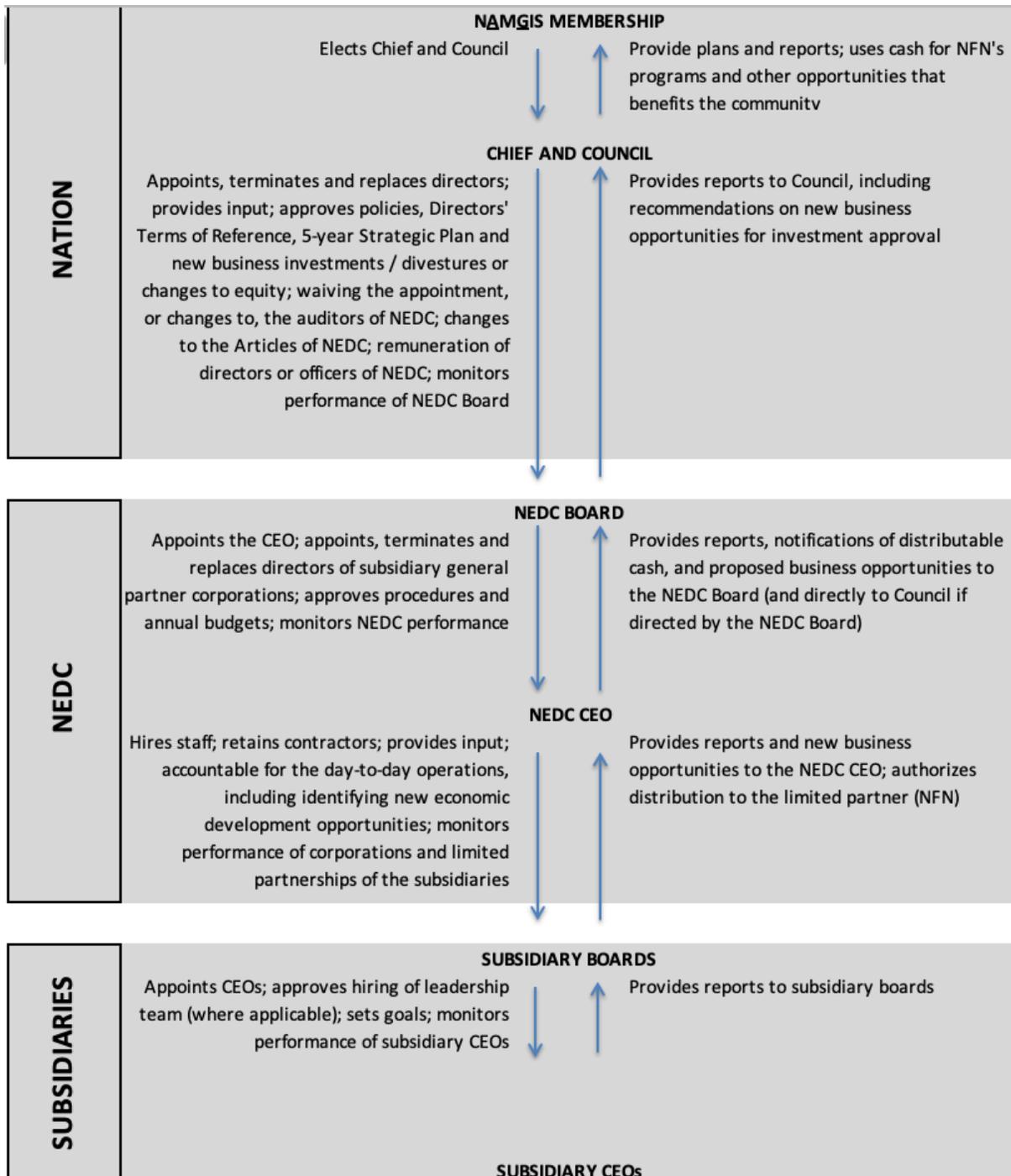
NEDC is PROHIBITED from considering any new businesses related to:

1. Open net fish farms;
2. Oil pipelines, oil drilling, oil tankers, and fracking;
3. Nuclear waste; and
4. Trawling.

CHAPTER 6 – KEY RESPONSIBILITIES AND OPERATIONAL REQUIREMENTS

KEY RESPONSIBILITIES AND REPORTING LINES

The following outlines the key responsibilities and reporting lines for the respective parties involved in the NEDC.



OPERATIONAL REQUIREMENTS

NEDC is to be self-administered and professional services retained (legal and accounting) are to be independent and free of conflicts from the Nation.

Ongoing funding requirements for NEDC are achieved through management agreements with the Subsidiaries.

Day-to-day operations of NEDC are restricted to the requirements set out in this Policy, the goals and objectives set out in the **"NEDC 5-Year Strategic Plan"** and the approved **"NEDC Annual Budget"**.