

October 2011

Letter of Expectations

Between

The Council of the Haida Nation

(CHN),

And

The Haida Enterprise Corporation

(HaiCo)

Purpose

This Letter of Expectations between the Council of the Haida Nation and HaiCo outlines the respective roles and responsibilities of each party, providing the basis of agreement on corporate mandate including high-level performance expectations, policy issues and strategic priorities.

It is recognized that the economy and politics are integral in that the success of one largely depends upon the other. Neither can function properly without clear lines of autonomy and interface between the parties.

These expectations and understandings will be reviewed annually and updated as required and applied through amendments to the Articles of Incorporation.

This Letter is intended to confirm common objectives and define the accountability processes in working to enhance opportunities for a better quality of life for the Haida people and the enhance the economy of Haida Gwaii.

Shared Relationship Principles and Understandings

The Council of the Haida Nation and the HaiCo Board of Directors agree on the following:

- HaiCo is a National Corporation of the Haida Nation and was created to assist with and work towards the economic independence and self-sufficiency of the Haida Nation.
- On behalf of the Haida Nation, HaiCo will conduct the operations of its enterprises independently from the function of the CHN and other Haida government entities subject to adherence to the principles herein.
- HaiCo will be cognizant of and apply the relevant principles of the Haida Constitution, the Haida Accord, and the policies of the CHN to HaiCo's operations.
- CHN's involvement in HaiCo affairs will be at the strategic level through processes identified and otherwise as the shareholder of the corporation.
- Accountability and responsibility for HaiCo operational management rests with the HaiCo Board
- CHN will provide political support to HaiCo when necessary in establishing diplomatic relations, promoting international trade, and when called upon by HaiCo in advancing common objectives.
- CHN will provide HaiCo and its subsidiaries with Haida permits and tenures where needed.
- HaiCo will maintain good relations with the Coastal First Nations, island communities, ENGOs, other allies and business partners of the CHN.
- The HaiCo Strategic Plans will be prepared by HaiCo in cooperation with the CHN prior to its referral to the 2011 House of Assembly in October, 2011 for approval.
- HaiCo will prepare an annual operating/business plan for each of its enterprises including an overall HaiCo business plan and provide CHN with a copy of those plans for approval.
- HaiCo will, in all its dealings and activities, always act in the best interests of the Haida people
- HaiCo will operate within the inherent limits of the natural ecosystems without compromising opportunities for future generations.

- Profits from the Corporation’s business activities will be remitted to the Treasury of the Haida Nation; and CHN will provide HaiCo with the approved remittance process.
- Nomination of Directors to the HaiCo Board will be in accordance with established nomination procedures and nominators as outlined in the current HaiCo Articles of Incorporation.
- CHN represents the Haida people as the sole HaiCo shareholder; and the Secretariat of the Haida Nation (SHN) holds the share certificate through a bare trust.
- HaiCo is the parent company or holding company for the subsidiaries of HaiCo, some of which are established as HaiCo limited partnerships.
- HaiCo’s head office and main operations centre will be on Haida Gwaii
- The Chief Executive Officer of HaiCo shall be appointed by the HaiCo directors through a selection process that includes representatives of the HaiCo Board and a representative of the SHN and approved through special resolution of the CHN.
- General Managers for HaiCo limited partnerships and subsidiaries are hired through a selection process that includes the HaiCo CEO and at least one Haida Board member.
- CHN will provide no interest, long-term loans to HaiCo, through agreements with SHN
- The Strategic Plan will be reviewed by the HaiCo Board annually and any substantive changes referred to CHN for approval.
- HaiCo will develop objectively verifiable indicators for reporting each of the key CHN expectations.
- The President of the CHN and the Chair of HaiCo or their appointed designates will be the primary contacts between CHN and HaiCo
- During the initial development phase of HaiCo the CHN will designate a staff member to liaise with HaiCo management over matters directly affecting both parties.

Corporation Accountabilities

The CHN provides the following mandate direction to HaiCo:

- In the conduct of its businesses, HaiCo will provide responsible, respectful management and stewardship where enterprises affect Haida Gwaii’s lands, water and life forms
- HaiCo will conduct its operations and businesses within the bounds of approved Strategic and Business plans and this letter and will otherwise seek further approval of the Shareholder.
- HaiCo will generate revenues for the Treasury of the Haida Nation for the benefit of the Haida people.

- Will set objectives to make HaiCo businesses Haida managed, and operated, providing employment and career opportunities to the Haida people to the greatest extent possible.
- In cooperation with Haida and other entities HaiCo will build capacity for Haida people at all levels of the Corporation
- Where necessary, HaiCo will employ the best candidates available for the positions with the understanding that there will be succession planning and capacity building for all positions.
- Operation of its businesses in a socially, culturally, economically and environmentally responsible manner
- Commitment to a high standards of operations through independent certification of its products, through credible third party certification
- Capitalize on opportunities that arise from Haida negotiations to develop new business ventures.
- HaiCo and the CHN will develop formal protocols for use of profit revenues for reinvestment in new businesses.

In meeting CHN's performance expectations HaiCo will:

- Set a primary objective of moving HaiCo enterprises to Haida managed and operated businesses.
- Manage its business interests for the long term benefit of the Haida people focussed on creating careers and employment opportunities for greater family incomes.
- Create revenues to enhance the well-being of the Haida people
- Establish fiscally responsible business policies, processes, mission statement, vision, and codes of conduct for Directors, officers and employees.
- Establish a thriving, diverse and sustainable economy on Haida Gwaii.
- Develop and maintain a Strategic Plan for HaiCo in cooperation with CHN that reflects Haida values, interests and expectations.
- Be guided by principles of sustainability and following core operating elements:
 - Transparency
 - Efficiency
 - Clarity
 - Accountability
 - Fiscal discipline
 - Confidentiality

- Identify and manage risks through effective internal controls and provide timely reporting to the shareholder.
- Establish business development processes including new business checklists. (whats this?-these are all the issues that must be investigated when the Board is intending to invest in a new enterprise)
- Communicate proactively through newsletters, website and other media and ensure that processes for effective input from Haida people are established.
- Advertise all career and employment opportunities in a manner than reaches out to qualified Haida people.
- Work with Haida and other entities to implement capacity building and succession action plans

Shareholder's Responsibilities

The Shareholder is responsible for the following to support the achievement of success of HaiCo:

- Ensure that nominees to the Board of HaiCo are Directors whose foremost skill sets are focussed on business success, natural resource stewardship, Haida cultural and social knowledge and fiscal responsibility
- Ensure that the Board of HaiCo is stable and has the necessary expertise in place to facilitate efficient and effective operations.
- Provide, through the Secretariat of the Haida Nation, interim general indemnification for the Directors and Officers of HaiCo from any and all costs, charges, expenses, including any amount paid to settle an action or satisfy a judgement and all legal expenses reasonably incurred in respect of any civil, or administrative action or proceeding until such time that HaiCo has the ability to secure general indemnification based on HaiCo financial statements and operations.
- Provide strategic policy direction and confirmation of frameworks and principles by which HaiCo shall operate
- Incorporate the Haida Nation's expectations in HaiCo's strategic planning processes and business plans
- Monitor the achievements of HaiCo's goals, objectives and targets identified in the Corporations plans and provide constructive direction on these plans and results on a project by project basis, authorize HaiCo to raise capital and financing
- Continue to support existing enterprises and bring forward new business opportunities through HaiCo.

- Maintain standard shareholder to business relationship with HaiCo

Areas of Shared Accountability

Communications

To ensure effective, efficient and regular communications and maintaining relationship, personnel representing both parties will be tasked with ensuring the implementation of the contents of this Letter and keeping the Parties informed of progress.

Reporting

CHN and HaiCo are committed to accountability to the Haida Nation. CHN has in place a process and reporting structure to the Haida people that is set out in the Haida Constitution. HaiCo will utilize the same reporting calendar as the CHN, providing financial and performance reports in addition to Strategic Plans, annual financial results and an Annual Statement of Management Responsibility to the Haida people. These documents will be presented at the House of Assembly (HOA), published on HaiCo's website and distributed through Haida newsletters and other vehicles.

- The fiscal year of HaiCo will be the same as the CHN- April 1 to March 31 so that audited financial reporting can be made to the October HOA meeting.
- The Strategic Plan will be available for review and approval at the House of Assembly..
- HaiCo will report its financial results and annual plans in conjunction with the House of Assembly and through its newsletters and website.

HaiCo will provide information to CHN related to risks and opportunities anticipated in achieving financial forecasts and employment objectives.

The Parties will advise the other in a timely manner of any issues that may materially impact the business of the Corporation or the interests of the Shareholder.

If changes to the reporting requirements are necessary, CHN will advise HaiCo .

Strategic Planning

is agreed that there will be advance discussion and review of key strategic documents such as HaiCo's Strategic Plan and Business Plans. These discussions will be completed in advance of deadlines to ensure effective and timely input by CHN.

It is agreed that the HaiCo Strategic Plan will include the following elements:

- Corporate Mission Statement, Vision, Principles and Values
- Organisational Structure
- Features of HaiCo Limited Liability Partnerships
- Goals, work plan, key objectives and success indicators
- Communications, Capacity Building and Succession Action Plan

HaiCo and CHN are jointly responsible for co-ordinating the overall process for preparing the Strategic Plan

Profits from HaiCo Operations

The Treasury of the Haida Nation will be responsible for holding and dispersing profits generated by HaiCo from its subsidiary operations.

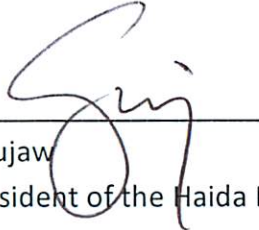
HaiCo and the CHN will establish a formal fiscal agreement on profit reinvestment into HaiCo businesses.

It is agreed that HaiCo will post the most recent signed copy of the Letter of Expectations on its website and CHN will also post a signed copy of the same letter on its website and each party will provide links to their respective websites.

Review and Revision of this Letter

The CHN is accountable for undertaking reviews of this Letter and monitoring its implementation..

The Parties will discuss any issues and mutually agree to amend and this Letter.



Guujaw
President of the Haida Nation



Dr. Roslyn Kunin
Chair, Haida Enterprise
Corporation

Date Oct 18/11

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Cc: Hereditary Chiefs Council
Chief Councillor, Massett Band Council
Chief Councillor, Skidegate Band Council
Secretariat of the Haida Nation
Directors, Haida Enterprise Corporation