

SCHEDULE “1” to the Dehcho First Nations Master Trust Agreement

Business Ventures Investment Policy

1. Business Ventures Investment Policy:

1.1. The Trust Agreement allows the Investment Management Board to authorize use of some of the Trust Income for Business Venture Investments. The purpose of the Policy is to establish a policy binding on the Investment Management Board for evaluating, approving, and structuring Business Venture Investments.

1.2. The Policy will follow certain key principles:

1.2.1. Transparency

The Policy will set out, in clear language, the process which the Investment Management Board will follow in making Business Venture Investment decisions.

1.2.2 Accountability

The Policy will set out a process for reporting to Members to ensure Members will have confidence in the integrity of the decision making process and responsible use of Trust Income.

1.2.3 Advisory

The Policy will include requirements to provide feedback to applicants seeking financial assistance which will assist Members in learning and understanding modern financing criteria.

Definitions

2. For the purpose of this Policy, the following definitions will apply:

2.1 “Policy” means this Business Venture Investments Policy;

2.2 “Dehcho First Nations Business Entity” means a joint venture, partnership, trust, corporation or other business organization in which the controlling interest is held by one or more Members or one or more Dehcho First Nations and which engages in or is intended to engage in commercial activities to generate profits and revenues for the benefit of Members or Dehcho First Nations;

2.3 “Family Member” means the Investment Management Board Member’s spouse, immediate family member, or someone who resides with the Investment Management Board Member;

- 2.4 “Investment Management Board Resolution” means a resolution of the Investment Management Board duly passed in accordance with the Trust Agreement;
 - 2.5 “Business Venture Investment” means financial assistance to a Dehcho First Nations Business Entity, that is not an Authorized Investment as contemplated by the Trust Agreement, and may include private equity investments, loans, and loan guarantees;
 - 2.6 “Trust Agreement” means the Dehcho First Nations Master Trust Agreement; and
 - 2.7 “Trust Income” means income and capital gains from investment of the Trust Fund specifically made available for Business Venture Investments in accordance with the Trust Agreement.
3. Terms defined in the Trust Agreement have the same meaning in the Policy.
- 4. Limits on Business Venture Investments**
 - 4.1 The Trust Agreement provides that some of the Trust Funds can be used for Business Venture Investments as directed by the Investment Management Board pursuant to this Policy.
 - 4.2 The total amount placed in Business Venture Investments cannot exceed the amount available in the Business Venture Account as determined in accordance with the Trust Agreement. Amounts taken out for Business Venture Investments must be repaid or returned to the Business Venture Account to allow for further Business Venture Investments to be made.
 - 4.3 Until the Trust is capable of self sufficiency the emphasis in considering Business Venture Investments will be on equity investments rather than loans or loan guarantees.
- 5. Submitting Proposals for Business Venture Investments**
 - 5.1 Any Member or Dehcho First Nations Business Entity, may make a proposal for a Business Venture Investment.
 - 5.2 A proposal for a Business Venture Investment must be submitted with the prescribed application form along with the applicable deposit for the cost of the independent review of the business plan, if required.
 - 5.3 All Business Venture Investment proposals must be submitted with a comprehensive business plan.
 - 5.4 The business plan must contain the following:
 - 5.4.1. an executive summary;

- 5.4.2. a description of all members of the management team, principals, and key employees, including each person's:
 - 5.4.2.1. education;
 - 5.4.2.2. work experience;
 - 5.4.2.3. experience relevant to the business venture;
 - 5.4.2.4. the extent of their personal financial investment and stake in the business;
 - 5.4.2.5. representations as to whether the person or any business venture in which they participated as a member of a management team, principal or key employee became bankrupt or was placed into receivership or creditor protection arrangements;
 - 5.4.2.6. whether the person or any business venture in which they participated as a member of a management team, principal or key employee has any unsatisfied judgments or writs of enforcement against him or it, as the case may be;
- 5.4.3. a description of the nature of the business engaged in by person or entity;
- 5.4.4. a description of the marketing program, if any, used to market products of the business and a review of the success of that marketing program;
- 5.4.5. a description of the business's operations;
- 5.4.6. the location of its business premises and whether the premises are owned, mortgaged, or leased;
- 5.4.7. the number of employees or independent contractors engaged by the business;
- 5.4.8. for a new business, evidence of having secured other funds required for start up and operation;
- 5.4.9. for existing businesses, a copy of the most recent audited financial statements of the business including the amount of any compensation paid to directors, principals, senior management, and key employees;
- 5.4.10. representations as to the financial projections, including cash flow statements, for the business for a three (3) year period and the factual basis upon which the financial projections are based; and
- 5.4.11. other information as may be required by the Investment Management Board.

- 5.5. In the case of a proposal for a Business Venture Investment in the nature of a loan, the applicant must, in addition to submitting a business plan, complete the prescribed loan application form.

6. Evaluating Proposals for Business Venture Investments

- 6.1. The Investment Management Board, having due regard for its fiduciary obligations and the need to ensure responsible use of Trust Funds, shall consider any proposed Business Venture Investments having regard for the following factors:
- 6.1.1. the total amount of the proposed Business Venture Investment having regard for the limits on Business Venture Investments set out in the Trust Agreement and how much of the available Business Venture Account is already held in Business Venture Investments;
 - 6.1.2. the business plan and the overall strength, reliability, and promise of the proposed venture or use of funds;
 - 6.1.3. whether the management team, principals, and key employees involved in the business have a proven ability to effectively manage a business or have the required knowledge and skills to manage a business;
 - 6.1.4. the overall viability of the proposal including a realistic assessment of the potential to produce income sufficient to cover operating costs, repayment of loans, and sustain long term profitability;
 - 6.1.5. whether the proposed Business Venture Investment involves a Dehcho First Nations Business Entity;
 - 6.1.6. the extent to which the business is owned or controlled by one or more Members;
 - 6.1.7. whether any employment opportunities will accrue to Members;
 - 6.1.8. the nature and extent of any subsequent and spin off economic benefits of the proposed Business Venture Investment; and
 - 6.1.9. the credit worthiness of any loan applicant and availability of sufficient security to repay any proposed loan.
- 6.2. The Investment Management Board may, where it considers it advisable to do so, seek the advice of independent investment or business consultants or Members to evaluate the merits of any proposed Business Venture Investment greater than \$50,000.00. All applications for Business Venture Investments exceeding \$100,000.00, shall require independent analysis of the business plan by a consultant selected by the Investment Management Board and the applicant, by mutual agreement. One half of the cost of the consultant will be the responsibility of the applicant which shall be paid prior to any application being considered. The threshold requiring independent analysis of a proposed

Business Venture Investment will be reviewed by the Investment Management Board every three (3) years.

- 6.3 The Investment Management Board shall abide by its conflicts of interest guidelines as set out in section 10 herein, when evaluating proposals for Business Venture Investments.
- 6.4 The Investment Management Board has no obligation to give consideration to any proposal for a Business Venture Investment and any proposal which does not include the information required by this Policy shall be deemed to be automatically rejected by the Investment Management Board.
- 6.5 In the event a proposed Business Venture Investment is rejected the Investment Management Board shall return the application and all materials submitted by the proponent along with a brief written explanation of the reasons the proposal was rejected.

7. Approval of Business Venture Investments and Obtaining Proceeds Out of Business Venture Account

- 7.1. The Investment Management Board shall document approval of any Business Venture Investment, including any terms and conditions, in writing and the approval document shall include brief commentary on the Investment Management Board's assessment of the factors set out in paragraph 6 above (Evaluating Proposals for Business Venture Investments).
- 7.2. The Investment Management Board shall forward an Investment Management Board Resolution to the Trustee indicating approval of a Business Venture Investment, directing the disposition of the funds or the setting aside a reserve of funds required for the Business Venture Investment, and appending copies of:
 - 7.2.1. the approval document described in this Policy;
 - 7.2.2. the business plan;
 - 7.2.3. the application documents; and
 - 7.2.4. the specific terms and conditions governing the Business Venture Investment.
- 7.3. The Trustee shall determine if sufficient funds are available for the Business Venture Investment and, if so, shall deliver or set aside funds for the Business Venture Investment as directed in the Investment Management Board Resolution.
- 7.4. Prior to release of funds to the applicant, the Trustee shall enter into an agreement with the applicant which shall document the obligation for the recipients, including financial reporting and other terms and conditions as may be required by the Trustee and the Investment Management Board.

- 7.5. The Investment Management Board shall undertake all reasonable due diligence to ensure that loans are repaid in accordance with any loan agreements and, if commercially reasonable, may require that loans are secured by mortgages, personal property security agreements, personal guarantees, or such other security as may be required by the Investment Management Board in its absolute discretion.

8. Disclosure to Trustee and Members

- 8.1. The Investment Management Board shall, ensure the following information is provided to the Trustee for purposes of inclusion in the Trustee's annual report:
- 8.1.1. the recipient of any Business Venture;
 - 8.1.2. the total amount invested in Business Venture and the breakdown of how much is invested in loans, loan guarantees or equity investments; and
 - 8.1.3. the total amount remaining in the Business Venture Account available for investment in Business Venture Investments.
- 8.2. The Investment Management Board shall ensure that information sufficient to prepare year end reporting on the performance of any Business Venture Investment is forwarded to the Trustee within a reasonable time such that the Trustee may include that information in the Trustee's annual report and financial statements.
- 8.3. The Trustee shall not be required to certify any financial information respecting a Business Venture Investment.
- 8.4. The Investment Management Board shall ensure that copies of all documents and records of approved Business Venture Investments shall be maintained at the office of the Trustee until the loan or loan guarantee has been retired or the investment has been sold.
- 8.5. The Investment Management Board shall ensure that the Trustee's annual report is presented to the Members each year.

9. Amending Procedure

- 9.1. The Investment Management Board, from time to time, may amend this Policy in whole or in part as follows:
- 9.1.1. The Investment Management Board approves, in principle, proposed amendments to the Policy;
 - 9.1.2. The Investment Management Board gives notice to Members, by such means as the Investment Management Board may consider appropriate in all of the circumstances, of an intent to amend the Policy;

- 9.1.3. Proposed amendments are presented at a Leadership meeting at which Members are afforded an opportunity to express any concerns and ask questions; and
- 9.1.4. Leadership may enact the amendments by Dehcho First Nation Resolution.
- 9.2. Amendments that have not followed the required procedures are of no force or effect.
- 9.3. Nothing in the amending procedure or in this Policy may have the effect of amending or altering any requirement of the Trust Agreement.

10. Conflict of Interest Guidelines

- 10.1. Duty to Disclose: An Investment Management Board Member who, or whose Family Member:
 - a) is a proponent of a Business Venture Investment or is a party to a material contract, or proposed material contract with a proponent of a Business Venture Investment; or
 - b) is a director or an officer of or has a material interest in any Dehcho First Nations Business Entity that is a proponent of a Business Venture Investment or is a party to a material contract or proposed material contract with a proponent of a Business Venture Investment;

will disclose in writing to the other Investment Management Board Members or will request to have entered in the minutes of meetings of the Investment Management Board, the nature and extent of such Member's or their Family Member's relationship and extent of his or her interest.
- 10.2. Timing of Disclosure: The disclosure required of an Investment Management Board Member by paragraph 10.1 of the Policy will be made:
 - a) at the meeting at which a proposed Business Venture Investment is first considered by the Investment Management Board;
 - b) if the Investment Management Board Member or their Family Member was not then interested in a proposed Business Venture Investment, at the first meeting after he or she becomes so interested;
 - c) if the Investment Management Board Member or their Family Member becomes interested after a Business Venture Investment is made, at the first meeting after he or she becomes so interested; or
 - d) if a person who is interested in a Business Venture Investment becomes an Investment Management Board Member subsequent to approval thereof, at the first meeting after he or she becomes an Investment Management Board Member.

- 10.3. Exclusion of Discussion: An Investment Management Board Member who has an interest or whose Family Member has an interest as described in paragraph 10.1 of the Policy will not take part in discussions or deliberations concerning any such proposed Business Venture Investment, nor will they participate or vote on any resolution dealing with such Business Venture Investment.
- 10.4. Method of Disclosure: For purposes of section 10 a general notice to the Investment Management Board by an Investment Management Board Member declaring that he or she or their Family Member has an interest as described in paragraph 10.1 herein, and is to be regarded as interested in any proposed Business Venture Investment made with the proponent, is a sufficient declaration of interest in relation to any Business Venture Investment so made.
- 10.5. In the event the application of 10.3 above results in a majority of the Investment Management Board Members being disqualified from voting on a resolution with respect to a proposed Business Venture Investment, the remaining Investment Management Board Member(s) shall refer the decision to a panel made up of the non-conflicted Investment Management Board Member(s) and as many additional persons as are needed to equal a majority of the Investment Management Board. The persons shall be selected by the non-conflicted Investment Management Board Member(s) from a list of persons with past Investment Management Board experience or Business experience which list shall be established by the Investment Management Board from time to time.