

LOWER CHURCHILL
IMPACTS AND BENEFITS AGREEMENT
SUMMARY

Confidentiality Warning: This summary document contains confidential information intended only for the members of the Innu Nation and the Mushuau and Sheshatshiu Innu. Innu may share this document only with other Innu. All persons, including members of the media, are prohibited from disclosing, copying, distributing, or taking any action in respect of the contents. Thank you.

This document is a summary of and explains the written text.
The IBA text is the official version.

Summaries of Some Definitions found in Lower Churchill IBA Chapter Summaries

Adverse Effects – means the negative consequences from the Project, as follows:

- impacts on/changes to the natural and socioeconomic environment;
- risk or injuries to health, safety, well-being, comfort, enjoyment of life by the INNU;
- impacts on rights and interests in land, personal property, activities, lifestyles, assets of the INNU;
- interference with assertion and exercise of treaty or aboriginal rights of the INNU

In this definition, the INNU includes all of Innu Nation, the First Nations, the Innu of Labrador and individual Innu.

Affiliate of Company – includes subsidiaries of Nalcor Energy (like Newfoundland and Labrador Hydro); and other companies controlled by Nalcor Energy.

Claim – means a court claim or other legal proceeding, or a demand.

Company currently means Nalcor Energy, but once Nalcor Energy creates a new company for this Project and assigns all of the obligations in the IBA to it, then Company will be that “assignee”.

Construction – means the phase when a component of the project (like the Gull Island generation facility, for example) is being constructed. Construction ends once Operations begin.

Contractor - companies that the Company contracts with directly.

Environmental Effects means

- changes the Project may cause in the natural and social environment, including, for example, changes on health and socio-economic conditions, on physical and cultural heritage, and on the current use of land and resources for traditional purposes by aboriginal people; and
- changes to the Project that may be caused by the natural and social environment.

Innu of Labrador – means, before any final Innu Rights Agreement comes into force, the Innu people who are now negotiating for a Final Agreement about those Innu rights and who are members of either or both of Innu Nation and the First Nations. If that Innu Rights Agreement comes into force, “Innu of Labrador” will mean the beneficiaries under that agreement.

CONFIDENTIAL

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Innu Content means commitments to employ Innu, to subcontract to Innu Businesses, to provide training opportunities to Innu, and to provide other opportunities that benefit Innu, Innu Businesses or the Innu communities.

Innu Knowledge – means knowledge, understanding and values of Innu that relate to the environment, Environmental Effects and how to mitigate them, based on observation, experience and oral transmission.

Operations – means the phase after construction of a component of the Project ends, up until it is decommissioned (if that were to happen).

Parties - Company, Innu Nation, Sheshatshiu Innu First Nation and Mushuau Innu First Nation.

Planning means the phase starting with planning for design, construction and operation and ending when Construction starts.

Project – means the generation and transmission facilities, and associated infrastructure, and activities associated with them, that are in the Project Area (in Labrador), needed to produce and transmit hydroelectric power from Gull Island and Muskrat Falls. The Project is more particularly described in Schedules 1-A and 1-B in the IBA.

Project Area - the area where the Project (including the generation and transmission) will be built and adjacent areas. As of the Effective Date (when all the Parties have signed the IBA), it will be as shown on Schedule 1-B. Once the Project actually gets built, the boundaries of the Project Area will be adjusted to reflect the Project as it has actually been built.

Subcontractors – companies hired by the Contractor, or by other subcontractors.

CONFIDENTIAL

**Summary of Chapter 2, Lower Churchill IBA
Education, Training and Employment of Innu**

Objectives

- Help Innu to get education and training, to help them get and keep jobs on the Project (“retention”), get promoted if they perform well (“advancement”), contribute to the well-being of the Innu communities and contribute to personal and career development of Innu
- Help Innu get qualified for, and to reduce barriers to getting jobs on the Project
- Contribute to the well-being of the Innu communities
- Promote Innu women and men being treated equally in the Project workforce (“Innu gender equality”)

General

- Company may not *directly* hire many people during Construction. When the Company does, it must follow this Chapter.
- When there are training opportunities for Innu in Labrador contracts which the Company or the Contractors enter into, those contracts will require contractors to follow this Chapter. Innu Nation will be consulted about the language of these contracts.
- Company must use “every reasonable effort” to have qualified Innu employed, in accordance with this Chapter.

Innu Employment Planning

- Innu Nation and Company will share information to meet the objectives of this Chapter, and to help increase sensitivity to Innu culture and traditions.
- Company will provide Innu Nation with a labour force study, including updates. This will identify all the job opportunities and qualifications (education, training, experience) during Construction. Company will consult Innu Nation about considering “practical experience” in place of formal education/training/experience requirements.
- Innu Nation will provide Company with its own Innu labour force study, including updates.
- Using these labour force studies and the Innu Training Plan, Innu Nation and Company will identify job opportunities during Construction for qualified Innu, including [REDACTED] and opportunities to promote Innu gender equality.
- Job and [REDACTED] and opportunities to promote Innu gender equality will be posted publicly.

CONFIDENTIAL

- The IBA sets out an *Innu employment participation objective* for Construction:
 - a minimum of 5%, and a target of 10% of employment in the Project workforce should be Innu employment
- The objective may be changed if all Parties agree.
- There is no legal claim that can be made if the Company doesn't meet this objective. It is still very important, though, because progress in meeting the objective will be measured, and the *hiring preference* for qualified Innu, discussed below, will remain in effect until the 10% target is achieved.

Innu Training

- An Innu Training Plan will be developed by Innu Nation, in consultation with the Company, government agencies, etc. The Plan's purpose is to get Innu people qualified for Project jobs, before the start of Construction.
- [REDACTED]
- During Construction, Innu Nation will report annually on the training programs and the number and gender of Innu that were trained under the Innu Training Plan.

Innu Employment and Training Coordinator

- Company will hire at least one Innu Employment Training Coordinator (IETC), in consultation with Innu Nation. The IETC will stay on during Construction.
- The IETC will be Innu. He or she will be the main contact person for Innu seeking jobs, and for Contractors or Subcontractors looking to hire Innu people. The IETC's job is to help in carrying out the commitments in the IBA (both in this Chapter and in Chapter 3). The IETC will be part of the Innu Employee Advisory Committee (see Chapter 3).

Recruitment and Selection of Innu Employees and Trainees during Construction

- Innu who want jobs on the Project can submit application forms to the IETC.
- When the Company, Contractors and Subcontractors are looking for Innu employees to fill job opportunities, they will give information to the IETC about those jobs. That information will include qualifications required, and positions where practical experience can be considered in replacement of formal qualifications. There is a *hiring preference* for qualified Innu for these jobs. A *hiring preference* means that where there is one job available, and there is a qualified Innu candidate and a qualified non-Innu candidate, the qualified Innu candidate will get the job.

CONFIDENTIAL

- The IETC screens Innu applications and tries to match Innu candidates with these job opportunities. The IETC can, if the Innu candidate agrees, attend the job interview.
- Innu people can try and improve their chances at getting a job on the Project by taking a *Prior Learning Assessment*. A *Prior Learning Assessment* is a way to include considerations of experience the Innu person has gained, outside of formal education and employment experience. Company will consult with Innu Nation in deciding when to offer these Prior Learning Assessments.

Retention and Advancement of Innu Employees

- The Company will encourage Contractors and Subcontractors to help Innu employees advance by providing on-the-job training, mentoring and training them for other positions.

Career Opportunities during Operations Phase.

NOTE: There will be fewer job opportunities available after Construction is finished. The IBA also has provisions to try to improve chances of Innu being hired during Operations.

- Company will provide Innu Nation with the list of Permanent Positions during Operations, and the qualifications for these positions.
- Company will make available at least [REDACTED] of specified Permanent Positions during the Operations Phase to qualified Innu. What those positions are will be determined by Company, in consultation with Innu Nation. Those positions will include linespersons. If there are no qualified Innu, just like during Construction, Company can hire who they choose.
- Before Operations, Company will provide on-the-job training, apprenticeships and work terms, at its Affiliate's workplaces, where practical and possible, to assist Innu preparing for Permanent Positions.
- Innu who successfully complete this training, etc. before Operations or within one year of the start of Operations will be offered Permanent Positions for which they are qualified.
- This will only happen if Company hasn't yet filled those positions with other permanent employees. Company has to try to make every reasonable effort to fill targeted positions with short-term employees while Innu people are getting trained for those positions.
- When the [REDACTED] target has not been met, Innu trainees completing training after the start of operations, will be offered the specific Permanent Position if they come open.

Educational Assistance

- Company will provide [REDACTED] per year towards educational initiatives in the Innu communities. Innu Nation can also put money in to support these initiatives. These initiatives include career counseling, stay-in-school programs, Innu role model/mentor programs, student achievement awards, and Innu Scholarships.

CONFIDENTIAL

- Innu Scholarships will go to Innu students pursuing or wanting to pursue post-secondary education or training. The Scholarships will be awarded by the Tshiashkueish Committee, a joint Innu Nation/Company oversight committee (see Chapter 9), based on eligibility criteria that the Committee will establish in accordance with the IBA. The amounts of these scholarships will be decided by the Committee.
- If Company decides it will offer summer student employment opportunities, then
 - Company will provide those opportunities to secondary and post-secondary Innu students (15-31 years old);
 - [REDACTED]
- Company will, where reasonably possible, provide work-term placement opportunities on the Project for Innu students in co-op programs.

Encouraging Companies to Employ Innu

- Company will include in contract bid documents that Innu Content will be considered (see Chapter 4), and will set out key IBA objectives about Innu employment.

Collective Agreements and Legislation

- If Company negotiates or renegotiates collective agreements with a union, then Company will use every reasonable effort to accommodate (make room for/include) the IBA commitments in the collective agreements.
- If Contractors or Subcontractors negotiate collective agreements, Company will require them to use every reasonable effort to accommodate the IBA commitments in the collective agreements.
- If Company, Contractors or Subcontractors can't include the provisions of the IBA in the collective agreement, then the collective agreement's provisions will take precedence over the IBA provisions. In other words, if a union won't agree to the IBA provisions, then what gets negotiated in the collective agreement will be what the workplace conditions are, regardless of what the IBA says.

➤ [REDACTED]

➤ [REDACTED]

- If a collective agreement is imposed on Company, Contractor or Subcontractors, with provisions that conflict with the IBA, then that collective agreement will take precedence.

CONFIDENTIAL

Summary of Chapter 3, Lower Churchill IBA
Workplace Policies and Conditions

Objectives

- Have a safe and healthy workplace that respects Innu culture and Innu language
- Have a workplace where Innu employees want to stay in their jobs
- Innu can participate in making and monitoring workplace policies that affect all employees
- Promote Innu women and men being treated equally in the Project workforce (“Innu gender equality”)

General

- Contractors and Subcontractors will have to comply with the workplace policies for any work done at the Project’s construction sites, including the construction camp (the “workplace”).
- If Contractors and Subcontractors do not comply, then the Company, in consultation with Innu Nation, will take steps to ensure compliance.

Workplace Policies

- There will be the following workplace policies implemented and monitored by Company, Contractors, Subcontractors, in consultation with Innu Nation, and, where appropriate, the Innu Employment Training Coordinator (IETC) and the Innu Employee Advisory Committee (IEAC), during Construction.
 - Forbidding bringing alcohol into the workplace and limiting consumption of alcohol in the workplace
 - Forbidding illegal drug use and substance abuse
 - Forbidding employees from hunting, fishing, trapping and harvesting, although Innu employees can hunt, fish, trap or camp outside the Project Area, as long as they still perform their jobs, and Innu employees may harvest in the Project Area with the prior approval of Company
 - Controlling firearms
 - Occupational health and safety
 - Transportation and places for employees to live while working on the Project
 - Translating signs and other safety-related documents into Innu-aimun so Innu workers understand them and can work safely

CONFIDENTIAL

- mandatory training about Innu culture, and about sensitivity to Innu women, for all employees
- Forbidding discrimination and harassment against Innu employee
- Company, Innu Nation and possibly the IETC and IEAC, will review workplace policies, and seek to identify ways to reduce barriers to workplace participation for Innu women, and Company will decide on the ways that will be implemented.
- English will be the language of the workplace, and all Innu will have to speak English well enough to be able to work safely and efficiently.
- Innu employees can choose to stay at campsites near the Project Area, but can't camp in the Project Area except with approval of the Company or Contractor. Innu employees who stay at campsites will not receive allowances for accommodations and meals, but they can receive meals at the workplace and stay there if there is room.

Support for Innu Employees

- In order to help Innu employees to stay in their jobs, Company and Innu Nation will have support measures to help Innu employees perform well and to ease adjustment of the Innu communities to the effects of the Project
- In order to help support Innu employees, Company or Contractors will provide the following kinds of things:
 - Innu Nation and Company will agree on Innu social and cultural activities in the workplace that the Company will provide funding for;
 - Orientation programs for Innu employees to help Innu employees adjust to the workplace
 - There will be an Innu Liaison Person during Construction who can assist Innu employees, provide advice, or help them with workplace problems. The Innu Liaison Person will be chosen by Company and Innu Nation together.
 - There will be counselling for Innu employees who are having emotional, substance abuse, financial, or other workplace problems.
- Company and the Contractors and Subcontractors need to provide flexible workplace policies and rules to allow Innu employees to engage in traditional activities, subject to operational requirements. An Innu employee can request an unpaid leave (called "cultural leave") once per year, for up to 14 days, to go hunting or participate in other traditional activities. The Company cannot unreasonably deny this request. This "cultural leave" time is in addition to vacation. This could mean, for example, that if an Innu employee had 2 weeks off in the regular work rotation, he or she could then add on 2 weeks vacation, and then add 2 weeks unpaid cultural leave, for a total of 6 weeks off in a row.

CONFIDENTIAL

- Country foods will be provided by the caterer when available.

Innu Employee Advisory Committee

- IEAC will be established (once there are at least 20 Innu employees) by Company and Innu Nation and be in place until the end of Construction.
- The IEAC will monitor the workplace policies in this chapter, and monitor the Innu Human Resources Strategy, to see if they are being carried out. It can make recommendations about how to make them work better, and can recommend new policies for the workplace.

Workplace Policies and Conditions in Operations Phase

- Before Operations begin, Company will consult Innu Nation about what kinds of workplace policies are needed in Operations for drugs, alcohol, harvesting, firearms, occupational health and safety and translating signs.
- Company will consult the Tshiashkueish Committee (which is described in Chapter 9) about implementation of workplace policies in Operations.
- Company and Innu Nation will make policies for during the Operations Phase about cultural training, forbidding discrimination and harassment of Innu, and other matters as needed.
- All Contractors will have to comply with workplace policies.
- Company and Tshiashkueish Committee will review workplace policies, and seek to identify ways to reduce barriers to workplace participation for Innu women, and Company will decide on the ways that will be implemented.
- Company and the Contractors and Subcontractors will provide flexible workplace policies and rules to allow Innu to engage in traditional activities, subject to operational requirements. Like the situation in Construction, this will include being able to take unpaid cultural leave time off of up to 14 days per year, in addition to vacation.
- There will, like during Construction, be counselling for Innu employees who are having emotional, substance abuse, financial, or other workplace problems.
- The same provisions about English being the working language apply during Operations.

CONFIDENTIAL

Summary of Chapter 4, Lower Churchill IBA
Innu Business Opportunities

Objectives

- To help Innu communities and Innu benefit from, and to promote successful Innu Businesses that can take advantage of, business opportunities that come with the Project,
- To put into action and monitor effectiveness of parts of this Chapter that give opportunities to Innu Businesses
- To help Innu and Innu Businesses develop business skills

Procurement of Works, Goods and Services

- Contracting for the Project is to be accomplished on schedule and within budget. The Company's schedule and budget have to account for its obligations under the IBA, except if the IBA says otherwise.

Innu Business Participation Target

- Company has to use Innu Businesses for at least \$266 M of contracts during Planning and Construction at Gull Island, or pay a penalty to Innu Nation.
- Company has to use Innu Businesses for at least \$134 M of contracts during Planning and Construction at Muskrat Falls, or pay a penalty to Innu Nation.
- Details in the IBA also cover what happens if
 - after the start of Construction of Gull Island or Muskrat Falls, work gets suspended and then starts up more than one year later. In that case, the \$266M and \$134M minimum values of Innu Business contracts will be indexed to deal with inflation.
 - Construction of Muskrat Falls (or Gull Island, if Muskrat Falls gets built first) does not start before January 1, 2020. In that case, there will also be indexing of the targets, to deal with inflation. If indexing for inflation is required, the maximum amount of the target for Muskrat Falls would be \$170M, and \$340M for Gull Island.
- Together, the above amounts are called the "Innu Business participation target". The value of contracts includes the value of direct contracts with Innu Businesses, as well as subcontracts that Innu Businesses get from contractors.
- The penalty, if it has to be paid, will be 5% of the amount by which the total value of Innu Business contracts is less than the Innu business participation target for the particular generation facility. If Muskrat Falls does not get built, no penalty would be payable by Company.

CONFIDENTIAL

- If the order of Construction gets switched so that Muskrat Falls gets built first, the targets for each component will be switched.
- Company must provide records to Innu Nation to demonstrate whether they have met the target. Innu Nation can audit Company’s records to check.
- Company will inform all businesses wanting to provide services to the Project about the Innu Business commitments in this chapter, and about the Innu Business Development Centre (IBDC) and Innu Business Registry.
- Company will evaluate bids from Contractors taking into account the amount of Innu Content in the bid. The definition of Innu Content is at the end of this summary.
- Company will be able to (and will, if there is a significant situation of non-compliance) take action against Contractors and Subcontractors which fail to comply with Innu Content requirements in their contracts.

Business Qualification

➤ Any business wanting to provide goods, services or works to the Project has to be qualified. In deciding a business’s qualifications for a contract, the Company or Contractor can look at previous experience, ability to provide the services or goods on time, continuity of supply, any experience working with Innu or other Aboriginal people, and a further list of standard business qualification criteria relating to business practices. The specific business qualification criteria looked at will depend on the particular contract.

➤ [REDACTED]


Contract Evaluation

➤ There is a list of contract evaluation criteria in the IBA that will guide how contracts will be awarded. The specific contract evaluation criteria looked at will depend on the particular contract.

➤ One of the unique contract evaluation criteria is Innu Content. Plans for Innu Content must be set out in detail in a bid. The consideration by Company or Contractor of Innu Content will vary depending on the possibility for Innu Content in that contract.

[REDACTED]

[REDACTED]

CONFIDENTIAL

First Bidding Opportunities for Innu Businesses

- Qualified Innu Businesses will have the right to bid first for a list of works, goods, and services. That list is at the end of this summary. The list will be reviewed once a year by the Parties, and can be changed to add or remove types of contracts.
- Innu Businesses will be able to bid not just on this list, but on any other contracts not on this list, including contracts for civil works, concrete and explosives.
- There is an exception on this first opportunity for Innu Businesses to bid on certain contracts: for temporary on-site communications, general industrial supplies, and safety, office and janitorial supplies. The exception applies if, before the IBA gets signed, Company or Contractor already has a contract for these or has bought some of these supplies.
- Except in emergencies, Company must follow a contract procurement process, for the “first opportunity to bid” contracts. (A procurement process is the term used in business contracting that means getting or obtaining contracts to supply the goods, services and works needed for a particular project. Details are in the IBA.) The general outline is:
 - Company and Contractors must contact IBDC in advance to let IBDC know of upcoming opportunities;
 - If there is a qualified Innu Business (and there could be more than one), IBDC will let Company or Contractor know, within 5 business days, about the interested Innu Business. If Company has prequalified the Innu Business and is satisfied with any additional information it may ask for to see if the Business is qualified, then the Innu Business will be invited to submit a bid within a certain time frame.
 - The Innu Business with the best bid will be evaluated and selected, and Company will award the contract or negotiate with the Innu Business to attempt to finalize a contract. If there are negotiations, there must be open discussions to identify weaknesses and how they could be addressed.
 - If no Innu Business gets the contract, Company or Contractor can put the bid out to the non-Innu businesses. They will then evaluate those bids using the same contract evaluation criteria (not just price) they used to evaluate the bid (or bids) from the Innu Business.
 - If a non-Innu business bid is less favourable than the best bid proposed by an Innu Business at the end of its contract negotiations, the Innu Business will get the contract. If it is more favourable, the non-Innu business will get the bid.
 - An unsuccessful Innu business can meet to get an explanation of why their bid failed.

CONFIDENTIAL

Innu Business Registry

- The Innu Business Registry will be the official listing of all Innu Businesses who would like to provide works, goods, or services to the Project.
- Businesses can apply to be listed on the Innu Business Registry, and Innu Nation (directly or through the Innu Business Registrar) will decide whether the business fits the criteria. The minimum information requirements for businesses applying to become Innu Businesses is in the IBA.

[Redacted]

- Innu Nation will provide full access to information on the Innu Business Registry, to IBDC and Company.
- IBDC will make the list of Innu Businesses publicly available, including the works, goods or services they provide.
- IBDC will make every reasonable effort to obtain other information about Innu Businesses that is relevant to the Project and to Company (e.g. past performance, insurance and bonding information). That information will be made available to Company, Contractors and Subcontractors and to businesses that are looking to get contracts with the Project.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Implementation

- The Parties will meet annually during Planning and Construction to discuss the progress toward meeting the Innu Business participation target [Redacted]

CONFIDENTIAL

➤ Company will monitor how well Contractors and Subcontractors are meeting their commitments to include Innu Content. Details about record keeping for Innu Content are in the IBA.

FIRST BIDDING OPPORTUNITIES for INNU BUSINESSES

- (a) supply of camp accommodations;
- (b) catering, housekeeping and maintenance of camp accommodations;
- (c) ground transportation of construction personnel;
- (d) security services;
- (e) supply of temporary on-site communications hardware;
- (f) on-site medical services;
- (g) air support services;
- (h) General Industrial Supplies;
- (i) safety supplies;
- (j) office supplies;
- (k) janitorial supplies;
- (l) access road construction and maintenance;
- (m) brush clearing for roads, campsites and laydown areas;
- (n) waste management;
- (o) hazardous waste storage and disposal; and
- (p) environmental monitoring.

CONFIDENTIAL

Summary of Chapter 5, Lower Churchill IBA
Environmental Protection

Objectives

- Put in place measures to seek to protect the environment and prevent/reduce negative Environmental Effects of the Project. In this summary, these are called mitigation measures
- Promote Innu involvement in designing, carrying out, monitoring and evaluating mitigation measures
- Promote cooperation between Innu Nation and Company in environmental management and protection

General Provisions for Environmental Protection

- Company has the final decision-making power for environmental management, protection and permitting for the Project. But Company also has to comply with this Chapter in making these decisions.
- Contracts in the project area (in Labrador) will require Contractors to follow this Chapter. Innu Nation will be consulted about the language of these contracts.
- Environmental protection, management and permitting are to be accomplished efficiently, cost-effectively, on schedule and within budget. The Company's schedule and budget have to account for its obligations under the IBA, except if the IBA says otherwise.
- Company is required to make every reasonable effort to respond effectively to Innu and the First Nations' concerns about adverse Environmental Effects of the Project.
- Innu Knowledge may be incorporated into designing and carrying out of mitigation measures.
- One or more *environmental monitors* can be hired by Innu Nation to monitor whether the Project is in compliance with the law and the Company's own policies. They will have the same site access as the Company's environmental monitors. They will report to Innu Nation. The environmental monitors' reports, and those prepared by Company monitors, will be shared between Innu Nation and Company.
- Access by Innu to parts of the Project Area will be restricted by Company, Contractor and Subcontractors from time to time. *Access restrictions* are for safety and operational reasons. They may include harvesting restrictions, as well as "keep out" rules. The restrictions will in many cases be temporary, but in some cases (e.g. around some structures) could be permanent. Company must consult Innu Nation about proposed access restrictions.

CONFIDENTIAL**Environmental Management Committee**

- The Environmental Management Committee (EMC) is a tool for the Innu Nation to be involved in environmental management of the Project. It will be in place for Construction and at least the first 5 years of Operation.
- The mandate of the EMC is very broad. It includes:
 - keeping a complete list of mitigation measures, and tracking their effectiveness
 - reviewing draft applications for environmental permits. The IBA has a detailed process for how this will be done, including timelines, etc. This will be a big part of the EMC's job during Construction. The IBA has a list of permits that must go through the permit review process. The activities covered by these permits include things like:
 - establishment of work camps
 - waste management and disposal
 - fuel storage and handling
 - access roads, stream crossings, watercourse diversions, fish habitat changes
 - construction of dams and generation facilities
 - various work-camp related activities
 - cutting timber, burns, etc. (for construction activities)
 - quarrying
 - controlling "nuisance" wildlife
 - storing explosives
 - helping develop, carry out and make improvements in carrying out
 - the Project *Environmental Policy*. This Policy sets out the principles for Company's environmental performance on the Project.
 - the Project *Environmental Management System*. This contains the details for carrying out the Environmental Policy.
 - recommending policies to manage Innu access to the Project Area, and to minimize negative effects on cultural and spiritual sites, and to facilitate Innu having access to these sites
 - reviewing and evaluating Environmental Effects of the Project and how to reduce them further
 - reviewing environmental monitoring programs and monitoring results, and making recommendations about additional mitigation measures
 - incorporating Innu Knowledge in its work, where it is relevant

CONFIDENTIAL

- possibly hiring expert advisors to help the EMC in its work. The expert costs will be shared 60% Company, 40% Innu Nation, unless EMC agrees otherwise.
- The EMC makes recommendations to Company and Innu Nation about things within its mandate. Recommendations go to Company and Innu Nation.
- When the EMC makes a recommendation, Company has to decide whether it will carry out that recommendation.
- The Company can only refuse to carry out a recommendation if it has “valid and appropriate reasons”, or in emergency situations. If it decides not to carry out the EMC recommendation, Company has to provide a rationale. Then, if requested, it will meet with the EMC or Innu Nation to discuss the issues and attempt to resolve differences.
- If the EMC can’t agree on a recommendation about something, a report or reports will go to both the Company and Innu Nation. Company is not required to respond to these reports, but may take them into account.
- The EMC has 2 Innu Nation appointees, and 2 Company appointees.
- Innu Nation and Company will pay their own costs for the EMC in most situations.
- EMC will hold an annual public meeting in each Innu community to talk about its work.
- The IBA contains more details about how the EMC will operate, in its Terms of Reference.

CONFIDENTIAL

Summary of Chapter 6, Lower Churchill IBA
Ratification of the IBA

Ratification

- The IBA has to be approved by the Innu in order for the Parties to sign it. It will be approved if:
 - a majority of eligible voters from Natuashish vote;
 - a majority of eligible voters from Sheshatshiu vote;
 - at least 60% of the voters from Natuashish who vote, vote in favour; and
 - at least 60% of the voters from Sheshatshiu who vote, vote in favour.
- The vote will be held in accordance with this chapter, though strict compliance with details will not make the vote invalid.

Voters List, and Advance and Final Polls

- The Chief Ratification Officer (CRO) appointed by Innu Nation will supervise the vote, and can appoint delegates to perform various functions.
- Innu people who are 18 years or older by the first date of the final poll can vote. An Innu person eligible to vote is someone who is a member of either or both of Innu Nation, and one of the two First Nations. These people are called Eligible Voters,
- Innu Nation will prepare the initial voters list and get it to the CRO at least 5 weeks before the final poll. The CRO will post the voters list and notice of the dates, time and location of the vote.
- This information will be posted in Natuashish, Sheshatshiu, at Voisey's Bay (if Vale agrees) and possibly at other voting centres. Innu Nation will decide if there should be any other voting centres.
- The initial voters list can be revised, to remove ineligible voters and add eligible voters.
- There will be an advance poll in Natuashish and Sheshatshiu. The final poll will be held in these communities, at Voisey's Bay (if Vale agrees), and possibly at other voting centres.
- The CRO can postpone or reschedule the date of the final poll or extend the hours of voting, if reasonable.

Information

- Copies of the agreement will be made available for reading, in Sheshatshiu and Natuashish.

CONFIDENTIAL

- Summaries of the Agreement will be made available to Eligible Voters, in English and Innu aimun.
- At least one information meeting will be held in Sheshatshiu and Natuashish, and at Voisey's Bay (if Vale agrees). Innu Nation will give notice of these meetings. One or more advisors (legal, accounting, etc.) will be at these meetings.
- The Company may assist in the ratification process, if Innu Nation requests.

Conduct of the Vote

- Votes will be by secret ballot, unless someone wants to vote by mail or fax. The procedures for mail-in ballots are in the IBA.
- Innu Nation will determine the ballot question, after consulting with the Company. The ballot question will ask whether the voter supports or does not support the signing of the IBA, the Upper Churchill Redress Agreement and the Innu rights Agreement-in-Principle (the "AIP").
- The poll book will be signed by the returning officer or deputy returning officer to verify its accuracy.
- The CRO and the returning and deputy returning officers will count and record all the votes for and against the signing of the IBA, the Upper Churchill Redress Agreement and the AIP. The number of spoiled ballots, if any, will be recorded.

CONFIDENTIAL

Summary of Chapter 7, Lower Churchill IBA
Financial

There are two types of payments that will be received under the IBA: **Implementation Payments** and **Annual Payments**.

Implementation Payments

- Implementation Payments will start after the Generation Project has been approved by Company's board of directors, meaning when it approves construction of one or both of the generation facilities at Gull Island and Muskrat Falls. That date is called **Project Sanction**.
- **BACKGROUND:** The IBA does not set out the actual date of Project Sanction, because that date is not known. It is Innu Nation's view that several things will need to be in place before Project Sanction will occur:
 - Buyers for some or all of the power to be produced are required. These buyers will have to sign Power Purchase Agreements.
 - Approvals to use one or more transmission routes are required, so Nalcor can get the power to market.
 - Nalcor Energy will want to be satisfied it will make a reasonable amount of profit.
 - Environmental assessment approvals from the Province and Canada are still required.
 - Financing to construct one or both of the generation facilities that make up the Project. The financing will likely come from the Province and one or more banks. In order to provide the financing, the lenders will have to be satisfied that the Generation Project will make enough profit to ensure they are repaid with interest.
- The Implementation Payments will begin at \$5 million per year, starting with Project Sanction. The Implementation Payments will stop at the earlier of the following events:
 - when the first generation facility (Gull Island, or Muskrat Falls, whichever is first) is constructed and earns money from producing power; or
 - ten years after Project Sanction.
- Each year the Implementation Payments will be increased by 2.5%, or by the inflation rate if it is less than 2.5%.
- The Implementation Payments will be paid [REDACTED]
- Payment of the Implementation Payments could be suspended

CONFIDENTIAL

[REDACTED]

Minimum Payments

➤ The Minimum Payment amount will start at \$5 million on the date of Project Sanction and increase each year, for ten years, either by 2.5% or by the inflation rate if it is less than 2.5%. After ten years the Minimum Payment amount will not change.

➤ [REDACTED]

■ [REDACTED]

➤ Payment of the Annual Payments could be suspended during an event of Force Majeure, if that event prevents the Company from making the payments.

[REDACTED]

[REDACTED]

[REDACTED]

■ [REDACTED]

CONFIDENTIAL

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In this summary, **Generation Project** means both hydroelectric stations at Gull Island and Muskrat Falls and associated infrastructure, but not including those transmission lines and other assets required to deliver the power to market.

CONFIDENTIAL

Summary of Chapter 8, Lower Churchill IBA
Legal Matters

Release and Indemnity

- In this part of the summary,
 - “*the INNU*” means all of Innu Nation, the First Nations, the Innu of Labrador and individual Innu;
 - “*Remaining Claims*” means Claims that the INNU can still make for Adverse Effects, because the IBA compensation does not cover these Remaining Claims. Remaining Claims would include Claims, losses or damages about
 - personal injury, injury to health or death of an individual Innu caused by the Project, except if due to eating wildlife or fish contaminated because of the Project. (In other words, the IBA compensation covers claims about eating wildlife or fish contaminated by the Project, but it does not cover, for example, if an Innu person was hit by a truck during construction, hurt by a falling transmission line, or if an Innu employee was injured on the job.)
 - damage to personal property because of negligence, wilful misconduct or unlawful actions of Company, Contractor or Subcontractors
 - while operating vehicles or equipment
 - causing malfunctions or accidents in the Project’s equipment or facilities
- The IBA payments and other benefits fully compensate the INNU for the Adverse Effects of the Project, except for Remaining Claims.
- Innu Nation and the First Nations cannot sue or make other demands for compensation for these Adverse Effects against Company, Contractors and Subcontractors. This is called a RELEASE. The release does not cover Remaining Claims.
- Innu Nation and the First Nations would have to pay back any amount ordered or agreed to be paid by Company, Contractor and Subcontractors due to Claims by the INNU for Adverse Effects. This is called an INDEMNITY. The indemnity does not cover Remaining Claims. It also would not cover the legal costs and expenses of Company, Contractors and Subcontractors. If insurance carried by the Company, Contractor or Subcontractors covered the Claim, this indemnity would apply to the amount not covered by insurance proceeds.
- The purpose of the indemnity is to discourage individual Innu and the Innu of Labrador from bringing any Claims about Adverse Effects, except for Remaining Claims.
- If the indemnity were ever to kick in, the IBA sets out the process to be followed.

CONFIDENTIAL

➤ The amount of the indemnity can be recovered from the Annual Payments (see Chapter 7).

Other Legal Provisions

- Innu Nation and the First Nations agree not to
- participate in or fund legal proceedings or other actions that would interfere with the Project
 - ask for more compensation from Company (except if allowed in other parts of the IBA)
 - object to permits for the Project
 - support the exercise of treaty or aboriginal rights that could adversely affect the Project
 - start or support a Claim in connection with the Project, or interfere with the Project, based on asserted aboriginal rights
 - start or support a Claim for loss or damage due to Adverse Effects
- Innu Nation and the First Nations are not prevented or limited from:
- participating in environmental assessment proceedings about the Project. However, they cannot make submissions, support others to do so, or do other things in the hearing (e.g. provide evidence) that object to the Project going ahead
 - participating in Dispute Resolution (see Chapter 10)
 - having appointees fully participate in the Environmental Management Committee, Innu Employee Advisory Committee, and the Innu Business Development Advisory Committee
 - making recommendations about environmental permits to NL or Canada
 - enforcing this IBA if Company breaches it.
- Individual Innu can fully express their views during the environmental assessment of the Project, including, if they choose, to say they do or do not support the Project.
- If any Party does not comply with an obligation under the IBA, the Party complaining about this must first give them a reasonable time to fix the problem, before starting some other step against them.

CONFIDENTIAL**Compliance with Law**

- The Company will do what is required as a result of the final Innu Rights Agreement, the Innu self-government agreement and any interim agreements. Innu Nation won't exercise its powers in these agreements in a way that would negatively affect the ability of the Company to carry out the Project.
- Any Party can challenge laws, permits, decisions of regulators, etc., relating to the Project. Innu Nation and the First Nations have agreed to limit to some extent their rights if they were to make these challenges, as set out above.
- The IBA does not let the Company (or any other Party) off from complying with laws, permits, decisions of regulators, etc. If the Company has to do something under the IBA that requires **more** than what a permit from NL or Canada requires, they still have to comply with the IBA.

Challenges to Validity of the IBA or to the Project

- The Parties cannot challenge the validity of the IBA. They can challenge its interpretation.
- If *anyone (including an Innu individual) other than a Party*
 - makes a Claim that challenges the validity of the IBA, or
 - defends itself against a Claim where one of the Parties is involved, saying the IBA is not valid,

the Party involved will notify the other Parties. Each Party, at its own expense, will then cooperate with that Party and, if requested, will join in defending the Claim.
- If *non-Innu parties* seek to interfere with the Project, and a Claim results, then the Party involved in that Claim shall notify the other Parties. Each Party, at its own expense, will then consult and cooperate with that Party. They may agree to join in defending the Claim. They must join in defending the Claim if the Claim could invalidate or make a provision of the IBA unenforceable.
- Ratification will signify that the Innu of Labrador have consented to the Project proceeding in accordance with the IBA.
- Innu Nation will communicate with the Innu of Labrador about
 - the benefits, rights and obligations in the IBA
 - impacts of the Project on the claimed and recognized aboriginal and treaty rights of the Innu (e.g. restrictions on access and harvesting)
 - the consequences of actions if Innu interfere with the Project

CONFIDENTIAL

- If Innu Nation or Company finds out about *conduct by individual Innu* (e.g. a planned roadblock, a Claim), which could interfere with the Project
 - they will notify each other and consult, and Innu Nation will do what has been agreed; and
 - Innu Nation will use all reasonable efforts to try to prevent or end that conduct. The types of things Innu Nation would do could include communications, telling the Company what is going on, perhaps going to the site, telling the Innu what their conduct might result in, saying that Innu Nation supports the IBA, etc.

- If the *conduct of individual Innu* results in a Claim brought against them by Company, Contractor or Subcontractors, or if those individual Innu launch a Claim that interferes with the Project,
 - Innu Nation will collaborate and cooperate with Company, and
 - may be asked by Company to participate in dealing with the Claim. That participation could include, for example, giving evidence, providing documents, joining in a court claim, etc..

CONFIDENTIAL

**Summary of Chapter 9, Lower Churchill IBA
Implementation**

Objectives

➤ To implement the Agreement on time, and with the Parties co-operating in a way that builds on and strengthens the relationship of the Parties.

Supporting Committees

➤ Company and Innu Nation will set up three Supporting Committees: the Innu Employee Advisory Committee (Chapter 3), the Innu Business Development Advisory Committee (Chapter 4), and the Environmental Management Committee (Chapter 5). Other committees might get established if the Parties agree.

Tshiashkueish Committee

➤ The Tshiashkueish Committee will oversee the Parties and Supporting Committees carrying out the obligations, duties and responsibilities in the IBA.

➤ The Tshiashkueish Committee will develop an Implementation Plan that is subject to approval of the Parties.

➤ The Committee can make recommendations relating to implementation, but won't have final decision-making authority.

➤ The Committee will provide annual reports to the Parties about the Supporting Committees' work and how the Parties are doing in meeting their obligations.

➤ Innu Nation, the First Nations, and Company will review the recommendations of (or if no consensus, reports) the Tshiashkueish Committee and can use them, or can change them.

➤ The Tshiashkueish Committee will be made up of 2 people appointed by Innu Nation (each of which will also represent one of the First Nations) and 2 appointees of Company.

➤ Members of the Tshiashkueish Committee can't be on any Supporting Committees.

➤ The Tshiashkueish Committee also has other specific mandates; for example, it can recommend performance measures for commitments in the IBA that are not already quantified, and can provide its views about workplace policies for Operations.

➤ During Construction, the Tshiashkueish Committee can update elders and guests of Innu Nation on the progress of implementation of the IBA.

➤ Innu Nation and Company will share the cost of the operation of the Tshiashkueish Committee, which will submit annual workplans and budgets.

CONFIDENTIAL

Summary of Chapter 10, Lower Churchill IBA
Dispute Resolution

Objectives

- To solve disputes among the Parties to the Agreement quickly and efficiently

Dispute Resolution Process

- Most kinds of disputes (except where the IBA makes an exception) that can't be resolved through informal means will go through the Dispute Resolution process in this Chapter.
- Company on the one hand, and Innu Nation or one or both of the First Nations or any combination of them on the other hand, are to use the Dispute Resolution process for IBA disputes.
- The process starts by delivery of written notice. The parties will then try to resolve it through their senior officials. If they do not resolve it, the process continues.

Mediation

- The parties can refer the dispute to mediation if both parties agree to go to mediation. If they don't agree to mediation, either party can refer a dispute directly to arbitration.
- If a dispute gets referred to mediation, then the parties will come to an agreement about timelines for the mediation and who the mediator will be.
- After the mediation, the mediator will submit a report to the parties. If the parties do not settle the matter after mediation, any of them can refer the matter to arbitration.

Arbitration

- The parties will make an agreement about when and how the arbitration will take place, and who the arbitrator(s) will be, and Newfoundland and Labrador's laws about arbitration will apply.
- The arbitration can be heard either by 1 arbitrator or 3 (if the parties agree, or if they cannot agree on 1 arbitrator). The final decision will be in writing.
- "Final offer arbitration" can be agreed to as the arbitration process. This means each party makes a proposal to the arbitrator or arbitration panel, which picks one or the other proposal.
- The arbitration decision will be final, but can be appealed to court under certain conditions (e.g. legal error, if the arbitration was not fairly conducted).

CONFIDENTIAL**General**

- What happens during the Dispute Resolution process will be confidential.
- The parties can agree to settle a dispute at any time during the course of the process.
- Even though a Dispute Resolution process may be ongoing, the Project can still proceed and IBA obligations will have to be met (unless impossible or commercially unreasonable.)
- The final result of the Dispute Resolution process can't change any of the terms of the IBA or make the IBA invalid.

CONFIDENTIAL

Summary of Chapter 11, Lower Churchill IBA
General Provisions

General

- The Parties will work together so that all Parties carry out their IBA responsibilities, in good faith.
- This IBA sets out the whole agreement about the things that it deals with. Earlier negotiated versions of the IBA are not binding. There are some agreements that will still continue on, including confidentiality agreements the negotiating teams signed, and the Guarantee from Nalcor Energy. (The Guarantee is described in the Summary of Chapter 7).
- The IBA Agreement can be changed but any changes have to be put in writing and signed.
- If one Party wants another Party to let them off the hook from an IBA obligation or is prepared to give up a right they have in the IBA, that has to be put in writing and signed.
- Before the IBA will be signed, certain things must be in place or be true.
 - Statements (see “Representations and Warranties” below) in the IBA all have to be true.
 - The Innu of Labrador must first ratify the IBA.
 - Resolutions from the Innu Nation board, the two Innu Band Councils and the Company allowing the signing must be passed.
 - No court orders or injunctions can be in place which prevent the Parties from signing the IBA or the Guarantee.
 - Nothing can be happening in which the Innu (including individuals or organizations representing them) are challenging the IBA, or delaying the Project.
 - Nothing can be happening where someone is challenging Company signing the IBA or Nalcor signing the Guarantee.
 - Legal opinions from lawyers for the Parties are given, confirming the “power, authority and capacity” of the Parties to enter into and sign the IBA and the Guarantee.
 - Nalcor must first provide the Guarantee to Innu Nation and the First Nations.

Coming into Force and Termination

- The IBA comes into force when all the Parties have signed. This is called the “Effective Date”.
- Signing of the IBA does not mean Company has to build or continue with the Project.
- The IBA will come to an end:
 - if the Parties all agree; or

CONFIDENTIAL

- after decommissioning of the Project, if Company decides to take it out of service permanently.
- If the IBA comes to an end, the Parties have to carry out their obligations up to that date. Some provisions of the IBA will continue on after the IBA terminates, to allow for wrapping up properly.
- If the Company agrees to long-term monitoring and maintenance obligations under the IBA, those obligations will still continue after the IBA terminates.
- If the Company decided to start up the Project again, after this IBA was terminated,
 - the Parties will try to conclude a new IBA on the same terms and conditions, with necessary changes. If they can't negotiate it, arbitration will be used in order to conclude the IBA.
 - certain things would have to be considered in deciding what changes there should be, like changes to the Project, what phase the Project was in when the IBA ended, any benefits already received, etc.
 - things that would be required to be part of the new IBA would be:
 - there would still have to be a trust
 - financial payments would be calculated in the same way as in the Financial Chapter
 - a release and indemnity in favour of the Company, and other similar things

What happens if there is a serious event like a fire, earthquake, strike, explosion, etc.?

- If that serious event is not something the Party is at fault for, and is not something it can control (an “event of *Force Majeure*”), and if that event prevents a Party from being able to carry out IBA obligations, then that Party won't have to carry out those IBA obligations for that time. In other words, its obligations would be suspended.
- For this “suspension” of obligations to be in effect, the Party must
 - first notify the other Parties
 - take commercially reasonable measures to limit the time when its obligations are suspended.
- If a strike prevented the Company from carrying out its obligations, Company would not be required to settle with the union on terms it did not consider to be commercially reasonable.
- Innu Nation's environmental monitors could still come on site, to the same extent as Company's environmental monitors.

CONFIDENTIAL**Assignment**

- "Assignment" means to hand over to a new party (called the "assignee") the obligations and benefits under the IBA. It is normal to include assignment provisions in contracts, to allow for possible future changes. The assignee stands in the shoes of the party it is replacing. The party who assigned the IBA will then stop being bound by the IBA commitments, because the assignee will stand in its place.
- Company can't sell or assign its rights and interests in the Project without also assigning the IBA. This means the IBA will be taken over by whoever is actually carrying out the Project.
- The IBA cannot be assigned without written consent of the other Parties. However:
 - the other Parties cannot unreasonably withhold their consent.
 - Company does not require the consent of the other Parties under certain conditions.
 - e.g. Nalcor Energy is expecting to set up at least one separate company for the Project. Once they do that, Nalcor Energy will assign the IBA to that new company.
 - e.g. If Company were ever to assign the IBA to a completely unrelated party (e.g. if they sold the Project to a big company), that third party would have to declare to the Innu parties that it had the financial and other abilities to carry out the Company's obligations. It would also have to agree with Innu Nation and the First Nations to continue to pay the 5% of after debt net cash flow calculated under the Financial chapter.
 - Innu Nation can assign the IBA to the Innu Government, and the First Nations can do the same for any Innu Community Governments. These future governmental entities would come into being if a treaty gets concluded.
- If Innu Nation tried to assign to a party that was not capable of representing the Innu of Labrador, the Company could (and would) refuse.

Confidentiality of the IBA

- The IBA is not to be disclosed to any one else, except if the Parties agree, or under certain conditions and after notice is given. Those conditions include:
 - where the law requires disclosure
 - making copies of the IBA available in the communities, for Innu who want to read it before ratification
 - where advisors to the Parties need to, in order to give advice
 - for the Company's lending purposes
 - to a list of certain parties, for purpose of proceeding with the Project (e.g. power purchasers)

CONFIDENTIAL

- If the IBA is disclosed to another party, they need to agree to maintain the confidentiality of the IBA.

Representations and Warranties

- Representations and warranties are statements that parties make to each other in a contract. The other party relies on the truth of these statements in agreeing to enter into the contract.
- Some of the IBA representations and warranties are very standard. The more distinctive ones are summarized below.
- All the Parties say they did not knowingly provide information that wasn't true or did not fail to disclose information that should have been provided so the other information could be properly understood. This is especially important for financial information.
- Innu Nation says that
 - the IBA has been duly signed on behalf of the Innu of Labrador
 - that Innu Nation represents the Innu of Labrador and that Innu Nation has been authorized to sign the IBA, because it will first have been ratified
 - that Innu Nation was authorized to represent the First Nations during negotiations.
- The First Nations also say that they (through the Band Councils) have been authorized to sign the IBA, because it will first have been ratified.
- The Parties have done their own due diligence and have sufficient information to sign on to the IBA.
- The Company says it has provided Innu Nation and its advisors with information that Company believes is sufficient for Innu Nation to be informed about the implications of the IBA, and about the scope and implications of the Project.
- Innu Nation says it received money from the Company to negotiate and that it hired advisors to carry out due diligence and ask questions of the Company. It also says that the information it received from the Company, and its own information and analysis, is sufficient for it to decide to enter into the IBA.
- Innu Nation says it made every reasonable effort to provide adequate information, to allow Innu to be sufficiently informed about the contents and implications of the IBA, and the scope of the Project. This is so the Innu can have an informed vote.
- Certificates of independent legal advice will be provided by lawyers for all of the Parties.
- The Company and Innu Nation will have business standards, procedures and controls in relation to this IBA, including standards about avoiding conflicts of interest, interfering with competitive bidding, etc.