

MEMORANDUM OF UNDERSTANDING

Between Iisaak Forest Resources Ltd. and Environmental Groups

Environmental groups from within Canada and outside has long recognized Clayoquot Sound as a place of exceptional natural beauty and bio-diversity. The big-treed ancient forests of Clayoquot have been the focus of a land use conflict that has lasted for decades and that has reached global proportions.

Iisaak Forest Resources Limited (Iisaak) is a forestry company formed through a partnership between Ma-Mook Natural Resources Limited, owned by the Central Region First Nations of the Nuu-chah-nulth Tribal Council, and MacMillan Bloedel Limited (MB). Majority control of Iisaak is in the hands of Ma-Mook Natural Resources Limited. Iisaak operates in the Clayoquot Sound portion of Tree Farm License #44 held by MacMillanBloedel Ltd.

Through this agreement, the Central Region First Nations of the Nuu-chah-nulth Tribal Council, whose traditional territories include Clayoquot Sound, MacMillan Bloedel Limited and the undersigned Environmental Groups have come together to promote the resolution of the historic land use conflict in a way which respects First Nations' traditional ownership of their territories, enhances local sustainable economic development opportunities, provides stability for local communities by reconciling parties that have been involved in social conflict, and protects the natural beauty and bio-diversity of Clayoquot Sound.

On the condition that IISAAC, in consultation with the First Nations in whose traditional territory the proposed activities would occur, will:

1. Gain control of the forest tenure in Clayoquot Sound.
2. Operate within its tenure:
 - a) according to the spirit, principles and recommendations of the Clayoquot Sound Scientific Panel;
 - b) giving respect to the traditional values of First Nations, and
 - c) in a holistic way so as to sustain:
 - i) bio-diversity and all timber and non-timber resources;
 - ii) water systems and water-related resources, including salmon;
 - iii) eco-tourism, recreational and scientific research opportunities;
 - iv) spiritual and sacred values
 - v) traditional cultural uses; and,
 - vi) economic development which is culturally, socially and ecologically sustainable.
3. Designate already fragmented areas for ecologically sustainable commercial forestry and other ecologically sustainable commercial and non-commercial uses, as determined and prioritized through ongoing research.
4. Prioritize production of ecologically sustainable volumes of high-value-added, second-growth forest products so as to minimize the production of forest products from old-growth areas, ensure that all old-growth forest characteristics be well-maintained within harvest areas on the stand as well as on the landscape level, and nurture the long-term transformation of second growth forests into old-growth forests.
5. Designate "eehmiis" (undeveloped areas that are, in Nuu-chah-nulth, "very, very precious") (see attached map) for activities listed below that maintain their pristine nature and spiritual and sacred values and that generate non-timber benefits for the region (see Section 13), as determined by ongoing research:
 - a) ecologically sustainable harvest of non-timber forest products;

- b) eco-tourism;
- c) traditional cultural uses;
- d) scientific research; and,
- e) other activities agreed to by the signatories to this agreement.

6. Operate under an independent, internationally recognized certifying agreed to by both the Central Region First Nations and the undersigned Environmental Groups. The Undersigned Environmental Groups then agree to:

- 7. Endorse and actively promote Iisaak as a globally significant model of ecologically sustainable forestry.
- 8. Actively support the consolidation of existing Crown forest tenures in Clayoquot Sound into the control of Central Region First Nations of the Nuu-chah-nulth Tribal Council.
- 9. Actively assist Iisaak, within the capacity of each Environment Group, in Iisaak's institutional development, including research, financing and capacity-building endeavours.
- 10. Actively assist Iisaak, within the capacity of each Environment Group and as enabled by FSC-accredited certification, in the marketing of Iisaak's forestry and associated value-added forest products.
- 11. Actively assist Iisaak and the Central Region First Nations, within the capacity of each Environment Group, in the development and marketing of specified non-timber forest products.
- 12. Actively assist Iisaak and the Central Region First Nations, within the capacity of each Environment Group, in the development and marketing of specified eco-tourism products.

Together, IISAAC and the undersigned Environment Groups agree to:

- 13. Establish, participate in and fund a small and effective joint working group that will:
 - a) identify options for and assist in the establishment of a non-timber tenure and/or similar mechanisms as an overlay to existing forest tenure that will enable Iisaak and the Nuu-chah-nulth Central Region First Nations to manage and derive benefits from non-timber and eco-tourism resources in Clayoquot Sound;
 - b) draft a corporate Code of Ethics for Iisaak;
 - c) identify and recommend specific opportunities for strengthening the relationship between Iisaak and the undersigned environment groups;
 - d) identify and recommend ongoing mechanisms for sustaining cooperation between Iisaak and the undersigned environment groups; and,
 - e) table recommendations on sections 13 to the signatories to this agreement by November 1999.

Signed in Tofino, B.C. on this 16th day of June 1999

FOR: Iisaak Forest Resources Limited

Joseph Campbell, Chairman of the Board of Directors, Iisaak Linda Coady, Secretary of the Board of Directors, Iisaak

FOR: Environmental Groups

Tzaporah Berman for Greenpeace International

Peter Tabuns for Greenpeace Canada

Elizabeth Barratt-Brown for Natural Resources Defense Council

Vicky Husband for Sierra Club of B.C.

Adriane Carr for Western Canada Wilderness Committee