

# ***IRC***

## **Distribution Policy**

### ***Introduction***

Tangible benefits in the form of a distribution of money to each beneficiary from the resources of the Inuvialuit Land Claim Settlement is a fundamental objective of the Inuvialuit Final Agreement (“IFA”).

### ***Principals of the Inuvialuit Final Agreement***

The IFA provides two guiding principles which must form the basis of any distribution policy. They are:

1. “the Inuvialuit enrolled in the Inuvialuit Land Rights Settlement shall share equally in the benefits received by the various Inuvialuit corporations and distributed through the Inuvialuit Trust;” [section 6.(4)(a)] and
2. “restrictions shall be placed by the Inuvialuit Regional Corporation from time to time on any financial distributions from the Inuvialuit corporations to encourage the preservation of the financial compensation for the benefit of future generations of Inuvialuit.” [section 6.(4)(d)]

The instruction dictated in the IFA is preservation of capital and the institution of a distribution policy which would permit payments to beneficiaries on a consistent basis and which must be based on conservative principles.

### ***Preservation of Capital***

On December 31, 1997 IRC received the last installment of land claim capital from Canada bringing the total compensation to \$152,000,000. The distribution policy must ensure that there is sufficient reinvestment in the business corporations of the group to permit a minimum rate of growth such that the investments made by the Inuvialuit Corporate Group maintain an asset value consistent with the value of the original financial compensation, adjusted for inflation.

### ***Fundamentals of the Distribution Policy***

#### **To Whom**

Distributions shall be paid to all beneficiaries of the Inuvialuit Trust enrolled as of the date that the distribution is approved by the board of directors.

### Based on Ten Year Average of Comprehensive Income

Distributions shall be based upon the average of comprehensive income ("Average Comprehensive Income") for the ten year period ending on December 31 of the year immediately preceding the payment as determined from the annual, audited, consolidated, financial statements of the Inuvialuit Regional Corporation prepared in accordance with International Financial Reporting Standards ("IFRS").

In recognition that reporting under IFRS was first adopted for the year ending December 31, 2011 with comparison for the year ending December 31, 2010, for the purpose of calculating the average of comprehensive income for the ten year period for the initial and subsequent payments the following shall be deemed to be the comprehensive income or loss for each of the years set forth:

2002	(\$ 7,678,000)
2003	\$31,596,000
2004	\$26,438,000
2005	\$23,585,000
2006	\$45,999,000
2007	\$23,378,000
2008	(\$49,294,000)
2009	\$40,624,000

### Rate

In each year, 15% of the Average Comprehensive Income shall be paid to beneficiaries.

### Funding

Each of Inuvialuit Investment Corporation ("IIC"), Inuvialuit Development Corporation ("IDC"), Inuvialuit Petroleum Corporation ("IPC") and Inuvialuit Land Corporation ("ILC") shall contribute to the payment in such proportion as shall be determined by the board of IRC from time to time. Until determined otherwise, the proportions shall be:

IIC	50%
IDC	25%
IPC	10%
ILC	15%

### Timing of Declaration and Payment

Distributions shall be declared by the board of directors of IRC at the same meeting at which the annual audited consolidated financial statements are approved, usually in April. The distribution shall be paid within an administratively convenient time.

*(Approved by the Board of Directors of Inuvialuit Regional Corporation on April 17, 2012)*