

## QIA REVENUE POLICY

### 1. PURPOSE

1.1 To effectively and transparently manage revenues to achieve economic self-sufficiency of Qikiqtani Inuit through time, in a manner consistent with Inuit social and cultural needs and aspirations through the creation of a QIA Legacy Fund founded upon a long-term savings objective, and to provide for other financial administration matters as stated in this Policy.

### 2. DEFINITIONS

2.1 Except as defined in this Policy or as required by the context, a term or phrase used in this Policy has the same meaning as set forth in the *Nunavut Land Claims Agreement* (NLCA).

2.2 For the purpose of this Policy:

**“Bank”** means a bank in Canada regulated under the Bank Act (Canada) which has not less than ten billion dollars (\$10,000,000,000.00) of deposit liabilities as of the date hereafter of any first deposit of Legacy Funds with that Bank.

**“Benefits Fund”** means the fund established by QIA pursuant to Article 5. For the purposes of QIA financial statements the Benefits Fund will be reported within the Legacy Fund.

**“Benefits Fund Limit”** means the limit of contributions to the capital of the Benefits Fund permitted in any one year, and being the lessor of: the aggregate amount of two consecutive years of the Benefits Fund Target; or, Five Million (\$5,000,000) Dollars, as calculated and determined at the onset of each Fiscal Year.

**“Benefits Fund Policy”** means the Policy that establishes conditions, constraints and evaluation frameworks for distributions from the Benefits Fund.

**“Benefits Revenue”** means the revenue amounts received by the Benefits Fund on an annual basis as detailed in Article 5.

**“Benefits Fund Target”** means the annual target amount of 4% of the Legacy Capital, which shall be calculated and adjusted annually following the release of audited financial statements. For the year beginning April 1, 2017, until the beginning of the next Fiscal Year, the Benefits Fund Target will be One Million (\$1,000,000) Dollars. The Benefits Target will be adjusted annually as defined by the formula and as detailed in Schedule 2.

**“Budgeting Process”** is the current QIA Budgeting Process as detailed in QIA’s Financial Policies and Procedures, subject to amendment or modification as required to conform to the provisions of this Policy, including, without limitation, the provisions of Article 7.

**“Commercial Agreement”** means an agreement or contract between the QIA and a third party whereby QIA will receive payments and/or other property as the consideration for the granting of specific rights on behalf of Qikiqtani Inuit to such third party.

**“Economic Development Fund”** means the fund established by QIA pursuant to Article 8.

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**“Economic Development Fund Revenue”** means all amounts deposited, or transferred on receipt of such amount, to the Economic Development Fund pursuant to Article 4.

**“Economic Development Fund Target”** means the annual target amount of Sixty-Six (66%) Percent of the five (5) year annual average of total budgeted expenditures, calculated annually of the average of the five (5) most recent years of the QIA non-consolidated budget of the QIA General Fund and Economic Development Fund.

**“Enrolled Member”** means, at any time, an individual registered at that time on the Inuit Enrolment List maintained by Nunavut Tunngavik Inc. pursuant to Article 35 of the NLCA who has regularly resided in the Qikiqtani Region for a period of not less than a year in accordance with the “General Member” residency requirements set forth in QIA Restated By-law #5, subject to such by-law requirements being amended, replaced or restated from time to time.

**“Executive Committee”** means the individuals that form the Executive Committee of Qikiqtani Inuit Association’s Board of Directors that can make executive decisions for this Policy.

**“Executive Director”** means the most senior staff person at QIA who acts as the point of contact between the QIA Board of Directors, including the Executive Committee, and QIA’s operations.

**“External Auditor”** means a Person external to QIA and qualified under the Laws of Nunavut and applicable laws of Canada to perform an audit who is selected by the Board of Directors, and for greater certainty, may be the QIA auditor appointed annually at the QIA annual general meeting.

**“Extraordinary Resolution”** has the meaning set forth in the *Societies Act* of Nunavut.

**“Finance Committee”** means the Finance Committee of QIA as described in QIA’s Financial Policies and Regulations.

**“Fiscal Year”** means from April 1<sup>st</sup> to March 31<sup>st</sup> of the following calendar year or the portion thereof between the date of the establishment of this policy and the end of such QIA Fiscal Year.

**“General Fund”** means the “General Fund” as described in QIA’s Financial Policies and Regulations, but subject to the provisions in Article 7.

**“Income”** means revenues received less expenses associated with administrative or operational obligations.

**“Initial Benefits Fund Contribution”** has the meaning set forth in Article 3.2 and is the amount to be transferred to the Benefits Fund following approval of this Policy and its registration as a QIA by-law.

**“Initial Legacy Fund Contribution”** has the meaning set forth in Article 3.1 and is the amount to be transferred to the Legacy Fund following approval of this Policy and its registration as a QIA by-law.

**“Inuit Enrolment List”** means the list maintained by Nunavut Tunngavik Inc. in accordance with Article 35 of the NLCA.

**“Inuit Owned Lands”** has the meaning set forth in Article 1 of the NLCA.

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**“Investment Advisory Committee”** means a committee formed for this Policy and comprised of not more than three (3) persons each of whom possesses:

- (i) Three (3) or more years of relevant post-secondary education; and
- (ii) Ten (10) or more years of reputable professional experience in the fields of investment, ancillary investment services and asset management.

**“Investment Manager”** I means one or more Persons who have professional designations acceptable to QIA and are licensed to make investments in portfolios of securities, pursuant to objectives and parameters as selected by the Executive Committee.

**“Investment Policy”** means the QIA policy that outlines the objectives and parameters of how the Executive Committee will invest the assets deposited in the Legacy Fund.

**“Legacy Capital”** means the aggregate of (i) the Initial Legacy Fund Contribution to the Legacy Fund, (ii) all money and property of every nature and kind donated or conveyed or transferred to the Legacy Fund and, (iii) all income, returns and earnings from investments or assets within the Legacy Fund that is not otherwise transferred to the Benefits Fund pursuant to this Policy.

**“Legacy Capital Objective”** means the pro forma proposed capital target of the Legacy Fund which is not less than Seventy-Five Million (\$75,000,000.00) Dollars.

**“Legacy Fund”** means the fund established by QIA pursuant to Article 6.

**“Legacy Fund Net Profits”** means the annual return on investment achieved through investment of the Legacy Capital, less annual expenses associated with the Legacy Fund calculated on an annual basis.

**“Legacy Fund Operational Document”** means a QIA document that further sets out the roles and responsibilities for the management and operations of the Legacy Fund.

**“Legacy Revenue”** means the moneys, shares, warrants, options and any other assets that are of monetary value transferred to the Legacy Fund pursuant to Article 4 of this Policy.

**“Land Lease or Licence”** means a Commercial Agreement setting forth terms, conditions and fee structures through which surface rights access is provided to Inuit Owned Lands.

**“NLCA”** or **“Nunavut Land Claims Agreement”** means the land claims agreement negotiated between the Government of Canada and representatives of the Inuit of Nunavut that was enacted pursuant to the *Nunavut Land Claims Agreement Act* of Canada, in 1993.

**“Operations Review”** means the review and possible revision of items pursuant to Article 14 to better align the operations with the purpose of this Policy.

**“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.

**“Policy Review”** means the review and possible amendment of key policy items pursuant to Article 15.

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“**QIA**” means Qikiqtani Inuit Association, a not for profit body corporate subsisting pursuant to the Societies Act of Nunavut, and any successor thereto by way of continuation, amalgamation or other means.

“**QIA Programs**” means social or cultural programs of QIA for the benefit of Inuit that reside within the Qikiqtani or as further defined in the Benefits Fund Policy.

“**Qikiqtani Inuit Association Board**” or “**QIA Board**” means the Qikiqtani Inuit Association Board of Directors as set out in the QIA by-laws relating generally to the conduct of the affairs of QIA.

“**Quarry Concession Agreement**” means a Commercial Agreement setting forth the terms, conditions and fee structures for the quarrying of “Specified Substances” as such term is defined in the NLCA, sourced from Inuit Owned Lands.

“**Royalty**” means a financial payment provided for in a Commercial Agreement, including advances against such payments, less QIA administrative and operational expenses.

“**Voting Members**” has the meaning set forth in QIA Restated By-law #5, but subject to such by-law membership provisions being amended, replaced or restated from time to time.

“**Water Compensation Agreement**” means a Commercial Agreement setting forth the terms, conditions and fee structures for the taking, use and/or diversion of water, and the compensation for any loss or damage which may be caused by changes in quality, quantity or flow of water on, in, or flowing through Inuit Owned Lands.

“**Wealth Manager**” means a Person trained and qualified to provide advice with respect to asset allocation, the management and investment of property and the monitoring of Investment Managers for the purpose of achieving stated investment objectives.

### 3. INITIAL CONTRIBUTIONS

3.1 The “Initial Legacy Fund Contribution” includes all money and interest earned thereon that was received by QIA prior to approval of this Policy that was either: a) received since September 2013 pursuant to Article 5 of the Mary River Inuit Impact and Benefit Agreement dated September 6, 2013; or b) received from the Nunavut Tunngavik Inc. “Nunavut Inuit Revenue Resource Trust. For greater certainty, all Legacy Revenue received after this Policy is approved by the QIA Board shall also be contributed to the Legacy Fund in accordance with Article 4.

3.2. An “Initial Benefits Fund Contribution” of \$2,000,000 shall be paid into the Benefits Fund from the Economic Development Fund upon ratification of this Policy. The purpose of the “Initial Benefits Fund Contribution” is to establish the “Benefits Fund”. For greater certainty, after approval of this Policy by the QIA Board, distributions to the Benefits Fund will occur in accordance with Article 5.

### 4. ANNUAL REVENUES

4.1 Legacy Revenue to be received by the Legacy Fund upon receipt by QIA shall consist of the following contributions:

- a) All Royalties paid to QIA pursuant to Commercial Agreements where such funds are otherwise unrestricted as to their use and purpose;

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- b) All fees, other revenue, and royalties paid to QIA by Nunavut Tunngavik Inc. as part of the Nunavut Tunngavik Inc. Resource Revenue Policy;
- c) All Income from Quarry Concession Agreements;
- d) All Income from Water Compensation Agreements;
- e) All annual fees, other revenue, dividends and royalties paid to QIA by the Qikiqtaaluk Corporation or the Nunasi Corporation.
- f) Surplus Revenue from the Economic Development Fund pursuant to Article 8.4;
- g) Earning (and losses) of the Legacy Fund investments; and,
- h) Any additional money, securities, property and other assets received from time to time will be considered and accepted as determined by the Executive Committee to be allocated to the Legacy Fund.

4.2 All Legacy Revenue consisting of money, negotiable securities, rights or similar assets shall be deposited not less than annually to a segregated Bank or other investment account for the exclusive use of the Legacy Fund in accordance with this Policy, and may not be deposited, contributed, deferred, or otherwise used in any manner whatsoever that is inconsistent with the terms and conditions of this Policy.

4.3 Economic Development Fund Revenue to be received by the Economic Development Fund upon receipt by QIA shall consist of the following contributions:

- a) All Income from Land Leases and Licences.

4.4 All Economic Development Fund Revenue shall be deposited not less than annually to a segregated Bank or other investment account for the exclusive use of the Economic Development Fund in accordance with this Policy, and may not be deposited, contributed, deferred, or otherwise used in any manner whatsoever that is inconsistent with the terms and conditions of this Policy.

4.5 For greater certainty, Schedule 1 attached hereto identifies annual revenue sources according to the categories listed above. Schedule 1 shall be updated annually to support the interpretation, implementation and management of this Policy.

## **5. BENEFITS FUND**

5.1 QIA shall cause the Benefits Fund to be established to receive the Initial Benefits Fund Contribution and to receive the Benefits Revenue, to be allocated for QIA Programs in accordance with Article 9.

5.2 The Benefits Revenue will consist of the annual return on investment from the Legacy Capital up to the Benefits Fund Limit. If the Benefits Fund Limit has not been reached, additional moneys from the Legacy Fund Revenue may be added to the Benefits Fund up to the Benefits Fund Limit. For greater certainty, the Benefits Fund shall never be greater than the Benefits Fund Limit. At no time shall any part of the Legacy Capital be allocated to the Benefits Fund.

5.3 The Benefits Revenue shall be limited to the lesser of four (4%) percent of the value of the Legacy Capital per annum, or, a value up to the Benefits Fund Limit.

5.4 The maximum amount that may be allocated to QIA Programs per annum from the Benefits Fund is the Benefits Fund Target. For greater certainty, Schedule 2 provides a pro forma Benefit Fund Index to assist in determining the annual Benefits Fund Target.

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5.5 If the entirety of the Benefits Fund Target is not spent in a given year, unspent moneys shall be made available in the following fiscal year. Moneys that carry over from one Fiscal Year to the next are in addition to moneys allocated according to the Benefits Fund Target. For greater certainty, unspent moneys may only accrue up to the Benefits Fund Limit.

5.6 The Benefits Fund shall be managed by the Benefits Fund Policy.

5.7 For greater certainty Schedule 2 presents a pro forma Benefits Fund Index.

## 6. LEGACY FUND

6.1 QIA shall cause the Legacy Fund to be established to receive the Initial Legacy Fund Contribution and the Legacy Revenue.

6.2 Subject to this Policy, the Legacy Fund shall be governed and managed on a day-to-day basis by the Legacy Fund Operational Document.

## 7. GENERAL FUND

7.1 The General Fund is the primary account of QIA for its operational requirements. The General Fund shall have a Budgeting Process which is not to include any:

- a) Legacy Revenue, or
- b) Benefits Revenue.

7.2 The General Fund shall not be intentionally budgeted to accrue an annual deficit to promote or rely upon withdrawals from the Economic Development Fund or vice versa.

7.3 The General Fund may withdraw moneys from the Economic Development Fund to balance annual deficits only in strict compliance with the terms and conditions of this Policy.

7.4 The General Fund may not withdraw moneys from the Economic Development Fund to balance annual deficits in three (3) consecutive Fiscal Years.

## 8. ECONOMIC DEVELOPMENT FUND

8.1 The Economic Development Fund shall have a Budgeting Process, which is not to include any:

- a) Legacy Revenue, or
- b) Benefits Revenue.

8.2 The Economic Development Fund shall receive the Economic Development Fund Revenue.

8.3 The Economic Development Fund shall aim to maintain a liquid capital balance equal to the Economic Development Fund Target for the purpose of stabilizing the General Fund and maintaining an organizational reserve to respond to unanticipated QIA deficits.

8.4 "Surplus Revenue" from the Economic Development Fund is the sum of moneys at the end of the Fiscal Year that exceeds the Economic Development Fund Target. Surplus Revenue from the Economic Development Fund shall be transferred to the Legacy Fund. For greater certainty, there

will be no deposits to the Legacy Fund from the Economic Development Fund if the balance of the Economic Development Fund is less than the Economic Development Fund Target.

8.5 For greater certainty when calculating the Economic Development Fund Target, the value of the Economic Development Fund shall exclude subsidiaries and significantly influenced investments.

## **9. DISTRIBUTION**

9.1 Subject to Article 7, allocations and expenditures from the General Fund shall be distributed as per the General Fund Budgeting Process.

9.2 Allocations and expenditures from the Benefits Fund shall be distributed subject to the conditions, constraints and evaluation frameworks set out in the Benefits Fund Policy.

9.3 Except in exceptional circumstances and as approved by an Extraordinary Resolution of QIA's Voting Members passed at a general meeting of all the QIA membership called for the sole purpose of considering the proposed resolution, allocations and expenditures shall not be made by QIA in areas where government has primary responsibility. Constraints or conditions shall be attached to such approved allocations and expenditures in order to ensure that Inuit benefit to the fullest extent possible, and that such allocations and expenditures augment rather than duplicate or replace government expenditures or programs.

9.4 QIA may retain a portion of the fees, other revenue and royalties from the Legacy Fund Revenue or withdraw from the Legacy Fund Capital each Fiscal Year to offset its costs of holding, managing and administering the Legacy Fund. The amount to be retained or withdrawn will be limited to a maximum of the amount required for payment of all fees of the External Auditor, Investment Advisory Committee, the Wealth Manager, and the Investment Manager.

9.5 For greater certainty, except as otherwise expressly provided in this Policy, costs incurred by QIA for general operations are not deductible from the Legacy Revenue. Only costs incurred for the operations of this Policy are deductible from the Legacy Revenue.

## **10. GOVERNANCE**

10.1 Unless otherwise stated in this Policy, the Executive Committee will provide final decisions on all administrative and operational matters of the Legacy Fund in conformity with the Legacy Fund Operational Document. The Executive Committee will provide an update regarding the financial performance of the Legacy Fund to the QIA Board at the Annual General Meeting.

10.2 Compliance with the provisions of this Policy shall be the responsibility of the Executive Committee, notwithstanding any delegation of authority to the Executive Director of QIA. For greater certainty, if any matter is delegated to the Executive Director of QIA pursuant to this Policy or otherwise, the Executive Committee shall at all times retain ultimate responsibility.

10.3 The Legacy Fund Operational Document shall further describe the roles and responsibilities of the Executive Committee and the Executive Director regarding administrative and operational matters, and shall be approved by the Executive Committee not later than one (1) year following the approval of this policy by the QIA Board.

10.4 The Executive Director shall manage or supervise management of the day-to-day operations of the Legacy Fund based on the directions of the Executive Committee.

10.5 The Executive Committee and the Executive Director may retain and rely upon the advice and expertise of the Investment Advisory Committee or Wealth Manager for decisions and directions related to the Legacy Fund, including, delegation of specific authority to qualified professionals as appropriate in respect of investment accounts and securities of the Legacy Fund.

10.6 In exercising their roles and authority under this Policy, the QIA Executive Committee Directors, the Executive Director and other QIA employees, shall act honestly, in good faith and with the degree of care and prudence that a reasonable person of their similar skill and knowledge would exercise. Unless they fail to exercise the foregoing standard of care, they shall be entitled to the same protection and indemnity available to members of the QIA Board as set forth in the QIA by-laws relating generally to the conduct of the affairs of QIA. For greater certainty, unless they fail to exercise the foregoing standard of care, QIA Directors, including members of the Executive Committee, and QIA employees, including the Executive Director, are not personally responsible or liable for failure or depreciation in the value of the Legacy Fund or related investment accounts or securities, arising from improper investment or any act or failure to act based on the advice of the Investment Advisory Committee or Wealth Manager or others under their direction and supervision.

## **11. MANAGEMENT**

11.1 Contracts in the ordinary course of the operations of the Legacy Fund may be entered into on behalf of the Legacy Fund by any person authorized to do so by the Executive Committee.

11.2 The securities of the Legacy Fund may be deposited from time to time for safekeeping or investment with one or more Banks, Trust Companies, investment dealers or other financial institutions inside Canada, selected by the Executive Committee. Any and all securities so deposited may be withdrawn from time to time only pursuant to written instructions signed by authorized signing officers as determined from time to time by the Executive Committee, and such authority may be general or continuing or may be confined to specific instances or monetary limits.

## **12. INVESTING**

12.1 The Executive Committee shall responsibly supervise the management and investments of the Legacy Capital to achieve the Legacy Capital Objective. The Executive Committee shall have the following responsibilities with respect to the Legacy Fund:

- a) To supervise Legacy Fund investments as a prudent person would; and
- b) To direct investment policy to minimize the amount of time that the Legacy Fund requires to reach the Legacy Capital Objective, but without jeopardizing the value of the Legacy Fund such that the Legacy Capital can sustainably fund the Benefits Fund for the benefit of present and future Enrolled Members.

12.2 In managing and investing as a prudent person would:

- a) The Executive Committee may authorize investments of the Legacy Fund with a view to obtaining a reasonable return while avoiding undue risk.
- b) The Executive Committee must review the Legacy Fund annually for the purpose of determining that the investments continue to be appropriate to the circumstances of the Legacy Fund.



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- c) Without restricting the matters that the Executive Committee may consider, in approving the investment plans of the Legacy Fund, the Executive Committee must consider the following matters, insofar as they are relevant to the circumstances of the Legacy Fund:
- (i) The purposes and probable duration of the Legacy Fund and the Benefits Fund, the capital needed to reach the Legacy Capital Objective and the needs and circumstances of the Enrolled Members.
  - (ii) The special relationship or value of an asset to the purpose of the Legacy Fund or to the Enrolled Members.
  - (iii) The need to maintain the real value of the Legacy Capital.
  - (iv) The need to maintain a balance of investments that is appropriate to the circumstances of the Legacy Fund between:
    - a. Risk.
    - b. Expected total return from income and the appreciation of Capital.
    - c. Liquidity.
    - d. Regularity of income.
  - (v) The importance of diversifying the investments to an extent that is appropriate to the circumstances of the Legacy Fund.
  - (vi) The role of different investment or courses of action in the Legacy Fund portfolio.
  - (vii) The costs, such as commissions and fees, of investment decisions or strategies.
  - (viii) The expected tax consequences of investment decisions or strategies.

12.3 If a member of the Executive Committee or employee of QIA with any authority related to the supervision, management or operation of the Legacy Fund acquires or owns a controlling interest, directly or indirectly, in an entity or fund in which Legacy Fund assets are or are proposed to be invested, the member or employee shall immediately disclose the interest to the Executive Committee. The disclosure shall be a matter of public record by being revealed in the Annual Report of the Legacy Fund following the disclosure.

12.4 For greater certainty, the contents of Article 12.3 do not reduce or detract from any responsibilities, duties, roles, or actions required by QIA's applicable Conflict of Interest Policy.

12.5 This Policy shall provide the foundation for the "Investment Policy" which will detail how the Executive Committee will direct the investment of the assets deposited in the Legacy Fund. The Executive Committee may retain the Investment Advisory Committee to aid in the development of the Investment Policy generally. The Executive Committee shall review the Investment Policy annually to determine whether it remains appropriate and if it is not, to make such changes as may be necessary. The Executive Committee shall monitor and review, at a minimum of once per annum, the investment returns of the Legacy Fund and shall retain a Wealth Manager to report to the Executive Committee, the Executive Director, and the Investment Advisory Committee on the performance of the Investment Managers selected by the Executive Committee.

## 13. TRANSPARENCY

13.1 An "Annual Report" shall be prepared annually to describe the affairs and accounts of the Legacy Fund and the Benefits Fund, for approval by the Executive Committee, and shall be released to the public on QIA's website and any other means deemed to be necessary or desirable by the Executive Committee.

13.2 The Annual Report shall be written in easily understandable language to the greatest extent possible. It shall include but not be limited to:

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- a) Financial statements audited by the External Auditor;
- b) A statement of the amount of money or other assets received by the fund from each revenue source during the period covered;
- c) A statement of investments of the fund including the cost and market values of each investment at the beginning and at the end of the period covered;
- d) A description of fund investment activity during the period covered by the report;
- e) A comparison of the fund performance with the goals of the Investment Policy;
- f) An estimated timeline to reaching the Legacy Capital Objective;
- g) An examination of the effect of the investment criteria of this Policy on the Legacy Fund's investment portfolio with recommendations of any needed changes; and
- h) Any other information the QIA Board believes would be of interest to Enrolled Members and the public.
- i) Updates to the annual revenue sources set out in Schedule 1.

13.3 The Executive Committee shall ensure that all necessary books and records of the Legacy Fund are properly kept, including proper books of account with respect to all sums of money received and expended from the Legacy Fund, all sales and purchases of securities and other property of the Legacy Fund, the assets and liabilities of the Legacy Fund, distributions made pursuant to Article 9, and all other transactions affecting the financial position of the Legacy Fund. All books and records shall be kept at such place in Nunavut as the Executive Committee directs.

13.4 A qualified External Auditor for the Legacy Fund shall be appointed. The Executive Committee may at any time change the External Auditor as it deems necessary.

## 14. OPERATIONS REVIEW

14.1 This Policy shall be reviewed by the Executive Committee every 4 years for operational effectiveness (an "Operations Review"). The Executive Committee shall implement such operational modifications deemed necessary or desirable to enhance the effectiveness of management and operations of the funds following an Operations Review. Unless expressly permitted by the provisions of this Policy, no express term, condition or requirement of this Policy may be amended or altered following an Operations Review except in accordance with a Policy amendment pursuant to Article 16, including, where applicable, following a Policy Review pursuant to Article 15. For greater certainty, any change or modification in the management and operations under this Policy, including, without limitation, any change or modification pursuant to Article 14.1 to Article 14.5, does not require approval pursuant to Article 16.

14.2 The Economic Development Fund Target of Sixty-Six (66%) Percent may be adjusted by the Executive Committee by a maximum of not more than a Fifty (50%) Percent change in the Economic Development Fund Target - following the Operations Review. If the Executive Committee considers it appropriate and advisable, the Executive Committee shall revise the said target and such revised target shall, for the purposes of this Policy, be the new Economic Development Fund Target for the four (4) consecutive Fiscal Years thereafter.

14.3 The Operations Review shall include a review of the Investment Advisory Committee, Wealth Manager, and Investment Manager as to their performance during the 4 years preceding the Operations Review. If the Executive Committee considers it appropriate and advisable, the Executive Committee shall remove and/or replace the Investment Advisory Committee, Wealth Manager, and/or the Investment Manager, subject to the requirements of any contractual commitments. Notwithstanding the foregoing, the Executive Committee is not limited to a

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performance review only during an Operations Review and may review the performance of the Investment Advisory Committee, Wealth Manager, and Investment Manager at any time.

14.4 The Investment Policy shall be reviewed during the Operations Review for effectiveness. If the Executive Committee considers it appropriate and advisable, the Executive Committee shall revise the Investment Policy and such revised Investment Policy shall, for the purposes of this Policy, be the Investment Policy for the four (4) consecutive Fiscal Years thereafter. Notwithstanding the foregoing, the Executive Committee is not limited to a review of the Investment Policy only during an Operations Review, and may review the Investment Policy at any time.

14.5 The reporting obligations listed in Article 13.2 shall be reviewed during the Operations Review for effectiveness. If the Executive Committee considers it appropriate and advisable, the Executive Committee may revise Article 13.2 by adding requirements and such revised Article 13.2 shall, for the purposes of this Policy, be Article 13.2 for the four (4) consecutive Fiscal Years thereafter. Notwithstanding the foregoing, reporting obligations may only be added to the requirements listed in Article 13.2.

## 15. POLICY REVIEW

15.1 This Policy shall be reviewed by the QIA Board once the Legacy Fund reaches the Legacy Capital Objective. The purpose of such a review shall be to determine the effectiveness of the Policy in achieving the purpose of this Policy as detailed in Article 1. Unless expressly permitted by this Policy, any amendments to the express terms and conditions of this Policy that are proposed by QIA following a Policy Review, including any amendments relating to Articles 15.2 to 15.4, may only be approved in strict compliance with the requirements of Article 16.

15.2 Subject to Article 15.1 and Article 16, following a Policy Review QIA may adjust the Legacy Capital Objective. Where the Legacy Capital Objective has been adjusted no further policy review may take place until the revised Legacy Capital Objective has been reached. For greater certainty, in no event under any circumstances shall the Legacy Capital Objective be less than Seventy-Five Million (\$75,000,000.00) Dollars at any time now or in the future.

15.3 Subject to Article 15.1 and Article 16, in the event QIA does not adjust the Legacy Capital Objective following a Policy Review on reaching a Legacy Capital Objective, Policy Reviews shall take place every 10 years starting from the year in which the Legacy Capital Objective was reached.

15.4 Subject to Article 15.1 and Article 16, the Benefits Fund Target of Four (4%) Percent may be amended by QIA following a Policy Review, provided that both the QIA Executive Committee and the QIA Board, acting reasonably, in good faith, and taking into account the best interests of the Enrolled Members and the express purpose of the Policy, consider it appropriate and advisable to propose the amendment. Amendment of the Benefits Fund Target may be reviewed and discussed during an Operations Review, but no amendment of the Benefits Fund Target may be proposed by QIA until the next ensuing Policy Review has been completed by QIA.

15.5 Subject to Articles 15.1 and 16, the Legacy Revenue shall be reviewed during a Policy Review to determine if all revenue sources listed under Article 4.1 of this Policy should continue to be allocated to the Legacy Fund. Notwithstanding the foregoing, a Policy Review may not reconsider whether revenues received by QIA under Articles 4.1 a) and b) should be allocated anywhere except to the Legacy Fund.

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15.5 During a Policy Review if any amendment of this Policy is considered, QIA shall be required to obtain appropriate professional advice as to the reasonable implications and likely consequences of any proposed amendment. Prior to any proposed amendment of this Policy being discussed for possible adoption pursuant to Article 16, the Executive Committee shall have requested and received a written legal and or accounting or other professional opinion explaining the legal or financial implications and possible consequences to QIA associated with a proposed amendment. Additionally, a written opinion from the Investment Advisory Committee explaining the financial implications and possible consequences of the proposed amendment shall also be presented. All such professional opinions shall be made available for review by all members of the QIA Board.

## **16. POLICY AMENDMENT OR TERMINATION**

16.1 This Policy shall be enacted as a QIA by-law by the Voting Members at an annual general meeting, provided that this Policy is approved by not less than 75% of all the QIA Directors, and upon registration under the *Societies Act* may be referred to as the “QIA Revenue Policy By-Law”.

16.2 Subject to Article 16.3, on registration of the QIA Revenue Policy By-Law under the *Societies Act*, this Policy may not be amended or terminated except pursuant to the amendment and repeal requirements that are set forth in the detailed provisions of the QIA Revenue Policy By-Law.

16.3 Notwithstanding Article 16.2, for minor amendments of this Policy that do not substantially alter the purpose and financial provisions of this Policy, this Policy may be amended by the QIA Board, and the QIA Revenue Policy By-Law may be amended in accordance with the requirements of the *Societies Act*. For greater certainty, the additional approval and procedural requirements set out in the QIA Revenue Policy By-Law for major amendments or the termination and repeal of the Policy and QIA Revenue Policy By-Law are not required for minor amendments.

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**Schedule 1 – Annual Revenue Sources**

Reference	Item	Agreement/Source Document
4.1 a)	Royalties	Mary River Inuit Impact and Benefits Agreement, Article 5
4.1 b)	Nunavut Inuit Resource Revenue	Nunavut Inuit Resource Revenue Trust
4.1 c)	Income from Quarry Agreements	Mary River Quarry Concession Agreement; Q13C301
4.1 d)	Income from Water Compensation Agreements	Mary River, Water Compensation Agreement
4.1 e)	Qikiqtaaluk Corporation Dividends Nunasi Corporation Dividends	
4.1 f)	Surplus Revenue from the Economic Development Fund	
4.1 h)	Any additional money, securities, property and other assets from time to time received from time to time will be considered and accepted as determined by the Executive Committee to be distributed to the Legacy Fund.	
4.2 a)	Income from Land Leases and Licences.	<ul style="list-style-type: none"> <li>i) Mary River Commercial Production Lease; Q13C301</li> <li>ii) Kudlik Construction Ltd – Ground Lease dated January 15, 2016</li> <li>iii) Canadian Arctic Holidays Inc commercial lease no Q14C301 dated January 1, 2014</li> <li>iv) Narwhal Plumbing &amp; Heating Inc – Ground Lease dated January 29, 2016</li> <li>v) Inuit Broadcasting Corporation – Ground Lease 59929 dated September 21, 2009</li> <li>vi) Inuksugait Inc, Ground Lease dated September 16, 2003</li> </ul>

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**Schedule 2 – Benefit Fund Index**

<b>Legacy Capital</b>	<b>Benefits Fund Limit</b>	<b>Benefits Fund Target</b>
\$20,000,000	\$1,600,000	\$800,000
\$21,000,000	\$1,680,000	\$840,000
\$22,000,000	\$1,760,000	\$880,000
\$23,000,000	\$1,840,000	\$920,000
\$24,000,000	\$1,920,000	\$960,000
\$25,000,000	\$2,000,000	\$1,000,000
\$26,000,000	\$2,080,000	\$1,040,000
\$27,000,000	\$2,160,000	\$1,080,000
\$28,000,000	\$2,240,000	\$1,120,000
\$29,000,000	\$2,320,000	\$1,160,000
\$30,000,000	\$2,400,000	\$1,200,000
\$31,000,000	\$2,480,000	\$1,240,000
\$32,000,000	\$2,560,000	\$1,280,000
\$33,000,000	\$2,640,000	\$1,320,000
\$34,000,000	\$2,720,000	\$1,360,000
\$35,000,000	\$2,800,000	\$1,400,000
\$36,000,000	\$2,880,000	\$1,440,000
\$37,000,000	\$2,960,000	\$1,480,000
\$38,000,000	\$3,040,000	\$1,520,000
\$39,000,000	\$3,120,000	\$1,560,000
\$40,000,000	\$3,200,000	\$1,600,000
\$41,000,000	\$3,280,000	\$1,640,000
\$42,000,000	\$3,360,000	\$1,680,000
\$43,000,000	\$3,440,000	\$1,720,000
\$44,000,000	\$3,520,000	\$1,760,000
\$45,000,000	\$3,600,000	\$1,800,000
\$46,000,000	\$3,680,000	\$1,840,000
\$47,000,000	\$3,760,000	\$1,880,000
\$48,000,000	\$3,840,000	\$1,920,000
\$49,000,000	\$3,920,000	\$1,960,000
\$50,000,000	\$4,000,000	\$2,000,000
\$51,000,000	\$4,080,000	\$2,040,000
\$52,000,000	\$4,160,000	\$2,080,000
\$53,000,000	\$4,240,000	\$2,120,000
\$54,000,000	\$4,320,000	\$2,160,000
\$55,000,000	\$4,400,000	\$2,200,000
\$56,000,000	\$4,480,000	\$2,240,000
\$57,000,000	\$4,560,000	\$2,280,000

QIA Revenue Policy

<b>Legacy Capital</b>	<b>Benefits Fund Limit</b>	<b>Benefits Fund Target</b>
\$58,000,000	\$4,640,000	\$2,320,000
\$59,000,000	\$4,720,000	\$2,360,000
\$60,000,000	\$4,800,000	\$2,400,000
\$61,000,000	\$4,880,000	\$2,440,000
\$62,000,000	\$4,960,000	\$2,480,000
\$63,000,000	\$5,000,000	\$2,520,000
\$64,000,000	\$5,000,000	\$2,560,000
\$65,000,000	\$5,000,000	\$2,600,000
\$66,000,000	\$5,000,000	\$2,640,000
\$67,000,000	\$5,000,000	\$2,680,000
\$68,000,000	\$5,000,000	\$2,720,000
\$69,000,000	\$5,000,000	\$2,760,000
\$70,000,000	\$5,000,000	\$2,800,000
\$71,000,000	\$5,000,000	\$2,840,000
\$72,000,000	\$5,000,000	\$2,880,000
\$73,000,000	\$5,000,000	\$2,920,000
\$74,000,000	\$5,000,000	\$2,960,000
\$75,000,000	\$5,000,000	\$3,000,000