

Indigenous Business Toolkit Project

Dividend/Distribution Policy Appendix: Sample Dividend Policy

Vern Bachiu
Murray Fulton
Kristy Jackson

Johnson Shoyama Graduate School of Public Policy
University of Saskatchewan
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Dividend/Distribution Policy

Appendix: Sample Dividend Policy

Company X Dividend Policy

Objective:

The primary objective of the dividend policy is to provide a reliable and consistent return to our shareholders while maintaining the financial health and growth of the company. We aim to strike a balance between distributing profits and reinvesting in the business for sustained long-term success.

Dividend Declaration:

1. Dividends will be declared and paid quarterly, subject to the discretion of the Board of Directors.
2. The decision to declare dividends will be based on the company's financial performance, cash flow, capital needs, and strategic objectives.
3. The Board of Directors will consider the following factors when declaring dividends:
 - Earnings and profit levels
 - Liquidity and cash reserves
 - Debt obligations and covenants
 - Capital expenditure requirements
 - Market conditions and economic outlook
 - Regulatory and legal constraints
 - Shareholder interests and expectations
 - Tax implications for both the company and shareholders

Dividend Calculation:

1. Dividends will be calculated as a percentage of net profits, with the specific percentage determined annually by the Board of Directors.
2. The dividend amount per share will be calculated by dividing the total dividend allocation by the number of outstanding shares.

Shareholder Communication:

1. Dividend declarations and payment dates will be communicated to shareholders promptly.
2. Regular updates on the company's financial performance and outlook will be provided to keep shareholders informed.

Sustainability and Flexibility:

1. The company is committed to maintaining a sustainable dividend policy that ensures the company's long-term viability and growth.
2. The company may adjust dividend payments based on changing circumstances, market conditions, and strategic priorities.
3. Retaining earnings for reinvestment in the business will be a priority when highly profitable fund growth opportunities exist.

Review and Adaptation:

1. The dividend policy will be reviewed annually by the Board of Directors to ensure alignment with the company's goals and market dynamics.
2. Adjustments to the policy may be made to reflect changing circumstances or shareholder expectations.

Compliance:

EDC will adhere to all legal and regulatory requirements related to dividend payments and will consult legal counsel when necessary to ensure compliance.

Conclusion:

This dividend policy serves as a guideline for EDC's approach to distributing profits to shareholders. The company is committed to maintaining transparency, financial stability, and a balanced approach that considers both the interests of our shareholders and the long-term success of the business.

Indigenous Business Toolkit Project

The Indigenous Business Toolkit Project is designed to provide Indigenous communities and individuals with the practical tools they and their advisors can use to undertake successful economic development. Economic development is more successful when everyone involved – whether it be community members, community leaders, consultants, business professionals, employees, and/or potential partners – understands the many and varied aspects of Indigenous economic development.

The Toolkit provides step-by-step instructions on selected aspects of economic development based on the best practices of leaders in the field. The modules in the Toolkit cover everything from the role of economic development in nation building, to the importance of business charters, to the various legal forms that can be used to pursue economic development, to the steps needed to identify and negotiate beneficial partnerships, to the governance challenges that economic development must address.

The modules are available for free and for use by anyone. The full set of Toolkit modules can be found at: <https://www.schoolofpublicpolicy.sk.ca/research-ideas/projects-and-labs/indigenous-leadership-governance-and-development-project.php>.

The Indigenous Business Toolkit Project is part of the larger Indigenous Leadership: Governance and Development project designed to support long-term Indigenous economic development. In addition to the toolkit, the larger project involves capturing the economic development experience of Saskatchewan Indigenous communities through a series of case studies. The case studies, along with a description of the larger project, can be found at <https://www.schoolofpublicpolicy.sk.ca/research-ideas/projects-and-labs/indigenous-leadership-governance-and-development-project.php>.

The Authors

Vern Bachiu, President and CEO of Triall Consulting, is a business consultant with over four decades of experience in working with Indigenous communities in business, governance, and education.

Murray Fulton, professor emeritus with the Johnson Shoyama Graduate School of Public Policy (University of Saskatchewan campus), is an agricultural economist. He has done extensive research and writing on governance, rural development, and co-operative development.

Kristy Jackson, Director of Marketing and Communications at Athabasca Basin Development, (ABD), is a member of Whitefish Lake First Nation #128. Prior to her work at ABD, Kristy was director of communications at the Saskatchewan Indian Gaming Authority.