

## BY-LAW NO. 1

a by-law to regulate the business and affairs of

### NEW FSV CORPORATION

(to be renamed "*FirstService Corporation*")

## ARTICLE 1 DEFINITIONS AND INTERPRETATION

**1.1 Definitions.** In this By-Law No. 1, unless the context otherwise requires, the following terms shall have the following meanings, respectively:

- (a) "**Act**" means the *Business Corporations Act* (Ontario) and the regulations enacted pursuant to the *Business Corporations Act* (Ontario), and any statute and regulations that may be substituted for any of them, as amended from time to time;
- (b) "**Articles**" means the articles (as that term is defined in the Act) of the Corporation;
- (c) "**auditor**" means the auditor of the Corporation;
- (d) "**Board**" means the board of directors of the Corporation;
- (e) "**By-law**" means a by-law of the Corporation;
- (f) "**Corporation**" means New FSV Corporation (to be renamed "*FirstService Corporation*") and any amalgamated corporation successor thereto resulting from the amalgamation of the Corporation or its successor with one or more other corporations, which amalgamated corporation successor adopts this By-Law No. 1 or which is otherwise required to have By-laws the same as the Corporation or its successor;
- (g) "**Director**" means a member of the Board;
- (h) "**meeting of shareholders**" means an annual meeting of shareholders of the Corporation, or a special meeting of shareholders of the Corporation, or both, and includes a meeting of any class or series of any class of shareholders of the Corporation;
- (i) "**non-business day**" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario);
- (j) "**Officer**" means an officer of the Corporation as defined in the Act, and reference to any specific Officer is to the individual holding that office of the Corporation;

- (k) **"person"** includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in the capacity of trustee, executor, administrator, or other legal representative;
- (l) **"proxyholder"** means an individual holding a valid proxy for a shareholder;
- (m) **"shareholder"** means a shareholder of the Corporation;
- (n) **"telephonic or electronic means"** means telephone calls or messages, facsimile messages, electronic mail, transmission of data or information through automated touch-tone telephone systems, transmission of data or information through computer networks, any other similar means or any other means prescribed by the Act; and
- (o) **"voting person"** means, in respect of a meeting of shareholders, an individual who is either a shareholder entitled to vote at that meeting, a duly authorized representative of a shareholder entitled to vote at that meeting or a proxyholder entitled to vote at that meeting.

**1.2 Terms Defined in the Act.** Terms used herein that are defined in the Act, and not defined herein, shall have the meanings given to those terms in the Act.

**1.3 Number, Gender and Headings.** In this By-Law No. 1, words in the singular include the plural and *vice-versa* and words in one gender include all genders. The insertion of headings in this By-Law No. 1 and its division into articles, sections and other subdivisions are for convenience of reference only, and shall not affect the interpretation of this By-Law No. 1.

**1.4 By-Law Subordinate to Other Documents.** This By-Law No. 1 is subordinate to, and should be read in conjunction with, the Act, the Articles and any unanimous shareholder agreement of the Corporation.

**1.5 Computation of Time.** The computation of time and any period of days shall be determined in accordance with the Act.

## ARTICLE 2 GENERAL BUSINESS

**2.1 Registered Office.** The registered office of the Corporation shall be in the municipality or geographical township within Ontario specified in the Articles or in a special resolution and at such location therein as the Board may from time to time determine.

**2.2 Seal.** The Corporation may have a seal which shall be adopted, and may be changed, by the Board.

**2.3 Financial Year.** Until changed by the Board, the financial year of the Corporation shall end on the 31<sup>st</sup> day of December in each year.

**2.4 Execution of Instruments.** Deeds, transfers, assignments, contracts, obligations, certificates and other instruments shall be signed on behalf of the Corporation by any one Director or Officer. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. The signature of any individual authorized to sign on behalf of the Corporation may, if specifically authorized by resolution of the Board, be written, printed, stamped, engraved, lithographed or otherwise mechanically reproduced or may be an electronic signature. Anything so signed shall be as valid as if it had been signed manually, even if that individual has ceased to hold office when anything so signed is issued or delivered, until revoked by resolution of the Board. Any signing officer may certify a copy of any instrument, resolution, By-law or other document of the Corporation to be a true copy thereof. Any deed, transfer, assignment, contract, obligation, certificate and other instrument signed on behalf of the Corporation may, but need not, have the corporate seal of the Corporation applied, if there is one.

**2.5 Voting Rights in Other Bodies Corporate.** Any Director or Officer may execute and deliver proxies and take any other steps as in the Director's or Officer's opinion may be necessary or desirable to permit the exercise on behalf of the Corporation of voting rights attaching to any securities held by the Corporation. In addition, the Board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights attaching to any securities held by the Corporation may or shall be exercised.

**2.6 Banking Arrangements.** The banking business of the Corporation, or any part thereof, shall be transacted with such bank, trust company or other firm, institution or body corporate as the Board may designate, appoint or authorize from time to time and all such banking business, or any part thereof, shall be transacted on the Corporation's behalf by such one or more Officers or other persons as the Board may designate, direct or authorize from time to time and to the extent thereby provided.

**2.7 Borrowing.** Without limit to the powers of the Board as provided in the Act, the Board may from time to time on behalf of the Corporation:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) to the extent permitted by the Act, give, directly or indirectly, financial assistance to any person by means of a loan, a guarantee or otherwise to secure the performance of an obligation; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

**2.8 Borrowing Delegation.** Subject to the Act, the Board may from time to time delegate to a Director, a committee of Directors or an Officer or such other person or persons so designated by the Board all or any of the powers conferred on the Board by Section 2.7 or by the Act to such extent and in such manner as the Board shall determine at the time of each such delegation.

**2.9 Divisions.** The Board may cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including, without limitation, types of business or operations, geographical territories, product lines or goods or services, as may be considered appropriate in each case. In connection with any such division the Board or, subject to any direction by the Board, the chief executive officer may authorize from time to time, upon such basis as may be considered appropriate in each case:

- (a) the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such division and sub-units;
- (b) the designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under, a name other than the name of the Corporation, provided that the Corporation shall set out its name in legible characters in all places required by law; and
- (c) the appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any of such officers so appointed, provided that any such officers shall not, as such, be Officers.

### **ARTICLE 3 DIRECTORS**

**3.1 Duties of Directors.** Subject to the Act, the Board shall manage or supervise the management of the business and affairs of the Corporation.

**3.2 Number of Directors.** The number of Directors shall be not fewer than the minimum number and not more than the maximum number established by the Articles, and the number of directors within such parameters shall be determined from time to time in accordance with the provisions of the Act, provided, however, that for so long as the Corporation is an offering corporation, the Board shall consist of not fewer than three individuals. The Board is empowered to determine by resolution the number of Directors within the minimum and maximum number of directors established by the Articles until a special resolution stipulating otherwise is approved.

**3.3 Qualifications.** No person shall be a Director if the person: (a) is not an individual; (b) is less than eighteen years of age; (c) has the status of bankrupt; or (d) has been found under the *Substitute Decisions Act, 1992* or under the *Mental Health Act* to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere. Except as permitted by the Act, at least twenty-five percent (25%) of the Directors shall be resident Canadians, or if there are fewer than four Directors, at least one Director shall be a resident Canadian. A Director need not be a shareholder. If the Corporation is an offering corporation, at least one-third of the Directors shall not be Officers or employees of the Corporation or any of its affiliates.

**3.4 Quorum.** Subject to the Act and Section 3.17, a quorum for the transaction of business at a meeting of the Board shall be two-fifths of the number of Directors so fixed or determined at

that time (or, if that number is a fraction, the next larger whole number), provided that if the Corporation has fewer than three Directors, all of the Directors must be present at a meeting of the Board to constitute a quorum.

**3.5 Election and Term.** Directors shall be elected by the shareholders at an annual meeting of shareholders for a term expiring at the close of the first annual meeting of shareholders following the election or, if elected for an expressly stated term, for a term expiring not later than the close of the third annual meeting of shareholders following the election. If qualified, a Director shall be eligible for re-election at such next ensuing annual meeting of shareholders. Subject to the Act, the number of Directors to be elected at any such meeting shall be that number most recently determined in accordance with Section 3.2. The election need not be by ballot unless a ballot is demanded by any shareholder or required by the chair. If an election of Directors is not held at an annual meeting of shareholders at which such election is required, the incumbent Directors shall continue in office until their successors are elected.

**3.6 Resignation, Removal and Vacation of Office.** Subject to the Act, a Director may resign by delivering or sending his resignation in writing to the Corporation and such resignation shall be effective when it is received by the Corporation or at such time as may be specified in the resignation, whichever is later. Subject to the Act, the shareholders of the Corporation entitled to elect a Director may, by ordinary resolution at an annual or special meeting of the shareholders of the Corporation, remove such Director and may at the same meeting fill the vacancy created by such removal, failing which the vacancy may be filled by the remaining directors if a quorum of the directors remains in office. Subject to the Act, a Director ceases to hold office on death, on removal from office by the shareholders, on ceasing to be qualified for election as a director, on receipt of a written resignation by the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later.

**3.7 Vacancies.** Subject to the Act, a quorum of directors (whether or not the majority of such quorum are resident Canadians) may fill a vacancy among the Directors, except a vacancy resulting from:

- (a) an increase in the number of Directors otherwise than pursuant to a special resolution empowering the Board to fix the number of Directors within a range set out in the Articles;
- (b) an increase in the maximum number of Directors set out in the Articles; or
- (c) a failure to elect the number of Directors required to be elected at any meeting of shareholders.

**3.8 Regular Board Meetings.** Regular meetings of the Board shall be held at such times and places as may be fixed by the Board from time to time. A copy of any resolution of the Board fixing the time and place of such regular meetings shall be sent to each Director after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

**3.9 Special Board Meetings.** A meeting of the Board, other than a regular meeting referred to in Section 3.8 hereof, may be held at any time upon call by the Chair of the Board, the Chief Executive Officer of the Corporation, the Chief Financial Officer of the Corporation, the Secretary of the Corporation or a majority of the Directors then in office.

**3.10 Meeting by Communications Facilities.** If all the Directors present at or participating in the meeting consent, a meeting of the Board or of a committee of the Board may be held by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a Director participating in such a meeting by such means shall be deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board. Subject to the Act, if a majority of the directors participating in a meeting held under this section are then in Canada, the meeting shall be deemed to have been held in Canada.

**3.11 Place of meetings.** A meeting of the Board may be held at any place within or outside Ontario, and no such meeting need be held at a place within Canada.

**3.12 Notice.** Subject to Section 3.8, written notice or notice by telephonic or electronic means of the time and place of each meeting of the Board shall be given to each Director at least 48 hours before the time when the meeting is to be held. An individual need not be given notice of the meeting at which that individual is appointed by the other Directors to fill a vacancy on the Board, if that individual is present at that meeting. A notice of meeting of the Board need not specify the purpose of or the business to be transacted at the meeting except as may be required by the Act. The accidental failure to give notice of a meeting of the Board to a Director or any error in such notice not affecting the substance thereof shall not invalidate any action at the meeting. A Director may in any manner and at any time waive notice of a meeting of the Board and attendance of a Director at a meeting of the Board is a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**3.13 First Meeting of New Board.** Provided a quorum of Directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of shareholders at which such Board is elected.

**3.14 Chair and Secretary.** The Chair of the Board or, if he or she is not present, the Vice-Chair of the Board or, if he or she is not present, the Chief Executive Officer of the Corporation or, in the absence of any of them, a Director designated by the Board shall act as chair at each meeting of the Board. The Secretary of the Corporation shall act as secretary at any meeting of the Board and, if the Secretary of the Corporation is absent, the chair of the meeting shall appoint a person, who need not be a Director, to act as secretary of the meeting.

**3.15 Director Voting.** Each Director present at a meeting of the Board shall have one (1) vote on each motion arising. Motions arising at meetings of the Board shall be decided by a majority vote. In the event of an equality of votes on any question at a meeting of the Board, the chair of the meeting shall not be entitled to a second or casting vote.

**3.16 Director Compensation.** Each Director shall receive such reasonable compensation and/or reimbursement of expenses, if any, as may be authorized by the Board from time to time in relation to his or her services as a Director. Any Director may be employed by or provide services to the Corporation otherwise than as a Director. Such a Director may receive compensation for such employment or other services in addition to any compensation paid to such Director for his or her services as a Director.

**3.17 Conflict of Interest.** A Director who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose to the Corporation the nature and extent of that interest at the time and in the manner provided by the Act. Such a Director shall not attend any part of a meeting of the Board during which the contract or transaction is discussed and shall not vote on any resolution to approve the same except as permitted by the Act. If no quorum exists for the purpose of voting on such a resolution only because a Director is not permitted to be present at the meeting, the remaining Directors shall be deemed to constitute a quorum for the purposes of voting on the resolution.

#### **ARTICLE 4 COMMITTEES**

**4.1 Audit Committee.** The Board shall appoint from among their number an audit committee whose composition and function will conform with applicable law. The audit committee shall have the functions provided in the Act.

**4.2 Other Committees.** The Board may designate and appoint committees of the Board in an addition to an audit committee, including an executive compensation committee and a nominating and corporate governance committee, and, subject to the limitations prescribed by the Act, may delegate to such committees any of the powers of the Board.

**4.3 Procedure.** Subject to the Act and unless otherwise determined by the Board, each committee of the Board shall have the power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure.

**4.4 Transaction of Business.** The powers of a committee of the Board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Ontario and, subject to the provisions of Section 3.10 which shall be applicable *mutatis mutandis*, may be held by means of telephone, electronic or other communications equipment.

#### **ARTICLE 5 OFFICERS**

**5.1 Appointment of Officers.** The Board may from time to time appoint a chair of the Board, a vice-chair of the Board, a president, one or more vice-presidents, a chief executive officer, a chief financial officer, a chief operating officer, a secretary, a treasurer and such other Officers as the Board may determine, including one or more assistants to any of the Officers so

appointed (and to which officer titles may be added words indicating seniority and/or function). The Board may specify the duties of such Officers and, in accordance with this By-law and subject to the Act, delegate to such Officers powers to manage the business and affairs of the Corporation. Except for a chair of the Board, an Officer need not be a Director and any person may hold more than one office.

**5.2 Agents and Attorneys.** The Board shall have the power from time to time to appoint agents or attorneys for the Corporation in or outside of Ontario with such powers of management or otherwise (including the power to sub-delegate) as the Board may determine.

**5.3 Conflict of Interest.** An Officer shall disclose an interest in any material contract or transaction or proposed material contract or transaction with the Corporation in accordance with Section 3.17.

## ARTICLE 6 PROTECTION OF DIRECTORS AND OFFICERS

**6.1 Limitation of Liability.** No Director or Officer shall be liable for:

- (a) the acts, receipts, neglects or defaults of any other Director, Officer, employee or agent of the Corporation or any other person;
- (b) any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by, for, or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be loaned out or invested;
- (c) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation, including any person, firm or corporation with whom any moneys, securities or other assets belonging to the Corporation shall be lodged or deposited;
- (d) any loss, conversion, misapplication or misappropriation of, or any damage resulting from any dealings with, any moneys, securities or other assets belonging to the Corporation; and
- (e) any other loss, damage or misfortune whatever which may happen in the execution of the duties of the Director's or Officer's respective office or in relation thereto;

unless the same shall happen by or through the Director's or Officer's failure to exercise the powers and to discharge the duties of the Director's or Officer's office honestly and in good faith with a view to the best interests of the Corporation and, in connection therewith, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a Director or Officer from the duty to act in accordance with the Act or relieve such Director or Officer from liability for a breach of the Act.



**6.2 Indemnity of Directors and Officers.**

- (a) The Corporation shall indemnify a Director or Officer of the Corporation, a former Director or Officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal, administrative or investigative action or other proceeding in which the individual is involved because of that association with the Corporation or other entity.
- (b) The Corporation shall advance monies to such individual for the costs, charges and expenses of a proceeding referred to in subsection 6.2(a) provided that such individual agrees in advance, in writing, to repay the monies if the individual does not fulfill the conditions of subsection 6.2(c).
- (c) The Corporation may not indemnify an individual under subsection 6.2(a) unless the individual:
  - (i) acted honestly and in good faith with a view to the best interests of the Corporation or other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request, as the case may be; and
  - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his or her conduct was lawful.
- (d) To the extent required by the Act or applicable law, the Corporation shall also seek the approval of a court to indemnify an individual referred to in subsection 6.2(a), or advance monies under subsection 6.2(b) in respect of an action by or on behalf of the Corporation or other entity to procure a judgment in its favour, to which such individual is made a party because of the individual's association with the Corporation or other entity as described in subsection 6.2(a), against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfills the conditions set out in subsection 6.2(c).

**6.3 Indemnification of Others.** Subject to the Act, the Corporation may indemnify its employees and agents on the same basis as that upon which the persons referred to in Section 6.2 are indemnified.

**6.4 Insurance.** The Corporation may purchase and maintain insurance for the benefit of an individual referred to in subsection 6.2(a) against any liability incurred by the individual: (a) in the individual's capacity as a Director or Officer of the Corporation; or (b) in the individual's capacity as a director or officer, or similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.

**6.5 Indemnities Not Exclusive.** Each of the provisions of this Article 6 shall be in addition to and not in substitution for or derogation from any rights to which any person referred to herein may otherwise be entitled.

## **ARTICLE 7 MEETINGS OF SHAREHOLDERS**

**7.1 Annual and Special Meetings.** The Board shall call an annual meeting of shareholders not later than 18 months after the Corporation comes into existence and subsequently not later than 15 months after holding the last preceding annual meeting. The Board may at any time call a special meeting of shareholders.

**7.2 Place of meetings.** Subject to the Articles, a meeting of shareholders of the Corporation shall be held at such place in or outside Ontario as the Board determines or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

**7.3 Notice of meetings.** Notice of the time and place of a meeting of shareholders shall be sent not less than 21 days nor more than 50 days before the meeting to: (a) each shareholder entitled to vote at the meeting; (b) each Director; and (c) the auditor. The accidental failure to give notice of a meeting of shareholders to any person entitled thereto or any error in such notice not affecting the substance thereof shall not invalidate any action taken at the meeting.

**7.4 Meeting by Telephonic or Electronic Means.** A meeting of the shareholders may be held by telephonic or electronic means and a shareholder who, through those means, votes at the meeting or establishes a communications link to the meeting shall be deemed for the purposes of the Act to be present at the meeting. The Board may establish procedures regarding the holding of meetings of the shareholders pursuant to this Section 7.4.

**7.5 Chair and Secretary.** The Chair of the Board or, if he or she is not present, the Vice-Chair of the Board or, if he or she is not present, a Director designated by the Board or, in the absence of any of them, the Chief Executive Officer of the Corporation shall act as chair at each meeting of shareholders. If none of the foregoing persons are present within 15 minutes after the time appointed for holding the meeting of shareholders, the shareholders present and entitled to vote shall choose a chair from amongst themselves. The Secretary of the Corporation, or, in his or her absence, such other person as the chair of the meeting of shareholders may appoint, shall act as secretary of a meeting of shareholders.

**7.6 Scrutineers.** At any meeting of shareholders, the chair of the meeting may appoint one or more persons, who may but need not be shareholders, to serve as scrutineers with such duties as the chair may prescribe.

**7.7 Persons Entitled to be Present.** The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the Directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or By-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

**7.8 Quorum.** A quorum for any meeting of shareholders shall be two or more individuals holding, or representing by proxy, not less than 5% (five percent) of the votes attached to all outstanding shares of the Corporation entitled to be voted at the meeting of shareholders, provided that if the Corporation has only one shareholder, the shareholder present in person or represented by proxy shall be a quorum for a meeting of shareholders. In the event that such quorum is not present at the appointed place on the date for which the meeting of shareholders is called within 30 minutes after the time fixed for the holding of such meeting of shareholders, the meeting, if convened at the requisition of the shareholders, shall be dissolved, but in any other case shall stand adjourned to such day being not less than 10 days later and to such place and at such time as may be determined by the chair of the meeting of shareholders. If at such adjourned meeting of shareholders a quorum, as determined in accordance with the foregoing provisions of this Section 7.8, is not present, the shareholders present either personally or represented by proxy shall constitute a quorum and any business which could have been brought before or dealt with at the original meeting of shareholders in accordance with the notice of meeting calling same may be brought before or dealt with at such adjourned meeting of shareholders. A quorum need not be present throughout the meeting provided that a quorum is present at the opening of the meeting.

**7.9 Shareholder Representatives.** A body corporate or association that is a shareholder of the Corporation may be represented at a meeting of shareholders by any individual authorized by a resolution of its directors or governing body and such individual may exercise on behalf of the body corporate or association which such individual represents all the powers it could exercise if it were an individual shareholder.

**7.10 Time for Deposit of Proxies.** The Board may by resolution fix a time not exceeding 48 hours, excluding non-business days, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting. A proxy may be used at the meeting only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it shall have been received by the secretary of the Corporation or by the chair of the meeting or adjournment thereof prior to the time of voting.

**7.11 Votes to Govern.** At any meeting of shareholders, every question shall, unless otherwise required by the Articles, By-laws or applicable law, be determined by a majority of votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, the chair of the meeting shall not be entitled to a second or casting vote.

**7.12 Voting.** Voting at any meeting of shareholders shall be by a show of hands except where, either before or after a show of hands, a ballot is required by the chair of the meeting or is requested by any voting person or as otherwise required by law. On a show of hands, each voting person shall have one vote. On a ballot, each voting person shall have that number of votes provided for by the Act or the Articles for each share entitled to be voted by such voting person, and the result of the ballot so taken shall be the decision of the shareholders upon the said question. Any ballot shall be taken in such manner as the chair of the meeting directs, and a requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, a prior vote by show of hands has no effect. Whenever a vote by any

means other than by ballot is taken, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

### **7.13 Electronic Voting.**

- (a) Any person entitled to attend and vote at a meeting of shareholders may vote at the meeting in person or by proxy and, subject to any determinations made from time to time by the Board, may appoint a proxy by any method permitted by law, including over the Internet, by the input of data using telephone facilities or by reproduction using facsimile or electronic facilities.
- (b) To the extent permitted by the By-laws or the Articles or by the Act or other laws governing the Corporation, the Board may establish, in connection with any meeting of shareholders, procedures regarding voting at the meeting by means of the Internet, telephonic, electronic or other communication facilities, and make available such communication facilities consistent with those procedures. The Board may determine from time to time that the voting at any specific meeting of shareholders shall be held entirely by such means.

**7.14 Only One Shareholder.** Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented by proxy constitutes a meeting.

## **ARTICLE 8 SECURITIES**

**8.1 Options or Rights.** Subject to the Act and the Articles, the Board may from time to time issue or grant options to purchase or rights to acquire unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued until it is fully paid.

**8.2 Uncertificated Securities.** The Board may provide by resolution that any or all classes or series of shares issued by the Corporation shall be uncertificated securities, provided that such resolution shall not apply to securities represented by a certificate until such certificate has been surrendered to the Corporation.

**8.3 Securities Records.** The Corporation shall prepare and maintain, at its registered office or at any other place in Ontario designated by the Board, a securities register in which it records the certificated securities and uncertificated securities issued by it, showing with respect to each class or series of such securities:

- (a) the names, alphabetically arranged, of persons who:

- (i) are or have been within six years registered as shareholders of the Corporation, the address including the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder,
  - (ii) are or have been within six years registered as holders of debt obligations of the Corporation, the address including the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder, or
  - (iii) are or have been within six years registered as holders of warrants of the Corporation, other than warrants exercisable within one year from the date of issue, the address including the street and number, if any, of every such person while a registered holder, and the class or series and number of warrants registered in the name of such holder; and
- (b) the date and particulars of the issue of each security of the Corporation.

**8.4 Transfer Agents and Registrars.** The Board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers. One person may be appointed both registrar and transfer agent and the Board may at any time terminate any such appointment.

**8.5 Non-recognition of Trusts.** Subject to the Act, the Corporation may treat the registered owner of a share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect thereof and otherwise to exercise all the rights and powers of an owner of a share.

**8.6 Security Instruments.** Every holder of one or more certificated securities of the Corporation shall be entitled, at the holder's option, to a security certificate in respect of the securities held by that person or to a non-transferable written acknowledgement of that person's right to obtain a security certificate, stating the number and class or series of shares held by that person as shown on the securities register. Every holder of an uncertificated security of the Corporation shall be entitled to receive, within a reasonable time after the issuance or transfer of such uncertificated security, a written notice containing the information required to be stated on a share certificate in accordance with the Act. Security certificates and acknowledgements of a shareholder's right to a security certificate, respectively, shall be in such form as the Board may from time to time approve. Unless otherwise determined by the Board, security certificates need not be under corporate seal and shall be signed by at least one of the following persons: (a) any Director or Officer of the Corporation; or (b) a registrar, transfer agent or branch transfer agent of the Corporation or an individual on their behalf. Signatures may be printed or mechanically reproduced in facsimile upon security certificates and every such facsimile shall for all purposes be deemed to be the signature of the person whose signature it reproduces and shall be binding upon the Corporation. If a security certificate contains a printed or mechanically reproduced signature of a person, the Corporation may issue the security certificate, notwithstanding that the

person has ceased to be a Director or an Officer of the Corporation, and the security certificate is as valid as if the person were a Director or an Officer at the date of its issue.

**8.7 Replacement of Security Certificates.** Subject to the Act, the Board or any Officer or agent designated by the Board may in the discretion of the Board or that person direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate for a certificated security claimed to have been lost, apparently destroyed or wrongfully taken on payment of such fee, prescribed by or in accordance with the Act, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board or that person may from time to time prescribe, whether generally or in any particular case.

**8.8 Joint Shareholders.** If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

**8.9 Deceased Shareholder.** In the event of the death of a holder or of one of the joint holders of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by applicable law and upon compliance with the reasonable requirements of the Corporation and its transfer agent.

## ARTICLE 9 DIVIDENDS AND RIGHTS

**9.1 Dividends.** Subject to the Act and the Articles, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares or options or rights to acquire fully paid shares of the Corporation.

**9.2 Dividend Cheques.** A dividend payable in cash may be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail or sent by courier to such registered holder at the address recorded in the Corporation's securities register, unless in each case such holder otherwise directs. In the case of joint holders, the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and, if more than one address is recorded in the Corporation's security register in respect of such joint holding, the cheque shall be mailed to the first address so appearing. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

**9.3 Non-receipt or Loss of Cheques.** In the event of non-receipt or loss of any dividend cheque by the person to whom it is sent, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and

evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

**9.4 Unclaimed Dividends.** Any dividend unclaimed after a period of two years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## ARTICLE 10 NOTICES

**10.1 Method of Giving Notices.** Any notice, communication or document (each, a "notice") to be given or sent pursuant to the Act, the Articles, the By-laws or otherwise to a shareholder, Director, Officer, auditor or member of a committee of the Board shall be sufficiently given or sent if given or sent by prepaid mail, prepaid transmitted, recorded, or electronic communication capable of providing a written copy of such notice, or delivered personally to such person's latest address as shown on the securities register of the Corporation or, in the case of a Director, if more current, the address as shown in the most recent notice filed under the *Corporations Information Act* (Ontario). A notice shall be deemed to have been received on the date when it is delivered personally, or on the fifth day after mailing, or on the date of dispatch of a transmitted or recorded electronic communication. The secretary of the Corporation may change or cause to be changed the recorded address of any shareholder, Director, Officer, auditor or member of a committee of the Board in accordance with any information believed by the secretary to be reliable. A notice or document required or permitted to be sent under this Section 10.1 may be sent by electronic means in accordance with the *Electronic Commerce Act, 2000* (Ontario) or by any other method permitted pursuant to the Act.

**10.2 Notice to Joint Shareholders.** If two or more persons are registered as joint holders of any share of the Corporation, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

**10.3 Computation of Time.** In computing the date when notice must be sent under any provision requiring a specified period of days' notice of any meeting or other event, the period of days shall commence on the day following the sending of such notice and shall terminate on the day preceding the date of the meeting or other event provided that the last day of the period shall not be a non-business day.

**10.4 Undelivered Notices.** If any notice given or sent to a shareholder pursuant to Section 10.1 is returned on three consecutive occasions because the person cannot be found, the Corporation shall not be required to give or send any further notice to such shareholder until the Corporation is informed in writing of the new address for such person.

**10.5 Omissions and Errors.** The accidental omission to give or send any notice to any shareholder, Director, Officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise based thereon.

**10.6 Waiver of Notice.** Any shareholder (or shareholder's duly appointed proxyholder), Director, Officer, auditor or member of a committee of the Board may at any time waive the giving or sending of any notice, or waive or abridge the time for any notice, required to be given to that person under any provision of the Act, the Articles, the By-laws or otherwise and such waiver or abridgement shall cure any default in the giving or sending or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing or given by electronic signature and may be sent by electronic means in accordance with the *Electronic Commerce Act, 2000* (Ontario) except for the waiver of notice of a meeting of shareholders or of the Board, which may be given in any manner. Attendance of a Director at a meeting of directors or of a shareholder or any other person entitled to attend a meeting of shareholders is a waiver of notice of the meeting except where such Director, shareholder or other person, as the case may be, attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**10.7 Invalidity.** The invalidity or unenforceability, if any, of any provision of this By-law shall not affect the validity or enforceability of the remaining provisions of this By-law.

**10.8 Persons Entitled by Death or Operation of Law.** Every person who, by operation of law, transfer, death of a securityholder or any other means whatsoever, becomes entitled to any security, is bound by every notice in respect of such security which has been given to the securityholder from whom the person derives title to such security. Such notices may have been given before or after the happening of the event upon which they became entitled to the security.

## ARTICLE 11 MISCELLANEOUS

**11.1 Former By-Laws May be Repealed.** The Board may repeal one or more By-laws by passing a By-law that contains provisions to that effect.

**11.2 Effect of Repeal of By-Laws.** The repeal of any By-law in whole or part shall not in any way affect the validity of any act done or right, privilege, obligation or liability acquired or incurred thereunder prior to such repeal. All Directors, Officers and other persons acting under any By-law repealed in whole or part shall continue to act as if elected or appointed under the provisions of this By-Law No. 1.

**11.3 Effective Date.** This By-Law No. 1 comes into force when made by the Board in accordance with the Act.

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**THE FOREGOING BY-LAW NO. 1** was approved by the Board in accordance with the Act on the 6th day of October, 2014.

  
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John B. Friedrichsen  
Director and Secretary