

**Employee Share Ownership Plan
(Succession Plan)
of**

(the "Company" or the "Corporation")
Date of Adoption: _____, 2____

ARTICLE 1 - PURPOSE OF THE PLAN

1.1 [Sample text](#)

ARTICLE 2 - PLAN DEFINITIONS AND INTERPRETATION

2.1 In this Plan, the following terms have the following meanings:

- (a) "Act" means the Employee Investment Act, R.S.B.C. 1996, c.112, as amended from time to time, including the Regulations;
- (b) "Administrator" means any administrator designated under the Act;
- (c) "Constitution" means the Notice of Articles, Articles, or other constitutional documents of the Corporation;
- (d) "Dedicated Contractor" - [sample text](#)
- (e) "Dedicated Contractor Employee" - [sample text](#)
- (f) "Eligible Employee" means
 - (i) all Tax Credit Eligible Employees; and
 - (ii) any additional group of employees of the Corporation or of affiliates of the Corporation that the Corporation's board of directors defines from time to time ("Other Eligible Employees");

who have been employed by the Corporation (or by a predecessor or an affiliate of the Corporation) for a period of at least (insert 0 to 24 months);

- (g) "Employee Shareholders" means, at any relevant time, those persons who own Shares purchased under this Plan;
- (h) "Financial Statements" means the most recent financial statements of the Corporation;
- (i) "Ministry" means the branch or division of the British Columbia government charged with the administration of the Act;
- (j) "Offering" means the offering period specified in the Share Offering Document during which Eligible Employees will be extended an offer to purchase Shares under this Plan;

- (k) "Plan" means this employee share ownership plan as amended from time to time in accordance with its provisions;
 - (l) "Purchase Form" means the form of Share purchase in use at the time of purchase as found on the Ministry's website;
 - (m) "Purchase Price" means the purchase price for Shares purchased by an Eligible Employee under the Plan, calculated by multiplying the number of Shares purchased by the Share Value in effect during the applicable Offering;
 - (n) "Redemption Date" means (one or more dates annually chosen by the Corporation - insert here);
 - (o) "Regulations" means the regulations enacted pursuant to the Act in force from time to time;
 - (p) "Request for Redemption" means a request by an Employee Shareholder for redemption of Shares in the form found on the Ministry's website;
 - (q) "Seasonal Part Time Employee" means a part time employee who has worked for not less than 3 months each year for 2 or more consecutive years;
 - (r) "Selling Shareholders" means (identify the existing shareholders who are selling their shares under this Plan by name)
 - (s) "Share Offering Document" means the offering and information document delivered to Eligible Employees in connection with an offering of Shares under this Plan, in the form accepted for filing by the Administrator for that offering;
 - (t) "Share Value" means the value per Share in Canadian dollars determined from time to time as set forth in the Share Offering Document;
 - (u) "Shares" means shares of the Corporation (describe class of shares);
 - (v) "Take-Along Offer" - [sample text](#)
 - (w) "Tax Credit Eligible Employee" means an individual who, at the time of purchasing Shares under the Plan is:
 - (i) resident in British Columbia,
 - (ii) employed by the Corporation, or by the predecessor or affiliate of the Corporation on a continuing basis for an average of at least 20 hours a week or is a Dedicated Contractor Employee or a Seasonal Part Time Employee, and
 - (iii) is not a major shareholder (as defined in the Act) of the Corporation;
- 2.2 In this Plan, the words "redeem" and "redemption" include a purchase of Shares by the Corporation.

- 2.3 In this Plan, unless otherwise defined herein, words and phrases defined in the Act or the Regulations have the meanings given to them in the Act or the Regulations.

ARTICLE 3 - ADOPTION, COMMENCEMENT AND TERM OF THE PLAN

- 3.1 The Corporation and the Selling Shareholders hereby adopt the Plan and agree to be bound by its terms.
- 3.2 The Plan will become effective upon its registration under the Act.
- 3.3 The Plan will terminate only upon receipt by the Corporation of consent in writing to its termination from the Administrator and a majority of Employee Shareholders.

ARTICLE 4 - SHARE OFFERINGS TO ELIGIBLE EMPLOYEES

- 4.1 The Selling Shareholders will make the share offerings described in the Share Offering Document to Eligible Employees on the terms and conditions set out in this Plan. Additional Share Offerings will be made from time to time until the Selling Shareholders have transferred over 50% of the equity in the Company to Eligible Employees.
- 4.2 During an Offering, each Eligible Employee may purchase up to the number of Shares calculated by the following formula:

[sample formula of equal entitlement or pro-rata entitlement by years of service](#)

- 4.3 The purchase price per Share will be equal to the Share Value at the start of the applicable Offering. There is a minimum purchase of \$ _____, but the Company reserves the right to universally reduce, waive or cancel the minimum subscription.
- 4.4 To purchase Shares under the Plan, an Eligible Employee must deliver a completed and signed Purchase Form to the Company during the applicable Period.
- 4.5 The Company will deliver a Share Offering Document to each Eligible Employee who wishes to purchase Shares before the Eligible Employee enters into an agreement to purchase Shares under the Plan.
- 4.6 In advance of each Offering, the Company will notify Eligible Employees in writing of the offering, who is eligible to participate and how they can get additional information. At least 14 days before the start of each Offering, the Company will complete the Share Offering Document to be used during the Offering and file a copy of it with the Administrator.
- 4.7 [Sample text if not all shares purchased](#)

ARTICLE 5 - PAYMENT OF PURCHASE PRICE

- 5.1 Shares will be purchased under the Plan for cash consideration only.
- 5.2 An Eligible Employee may pay for Shares purchased under the Plan by:

[Sample text](#)

- 5.3 If any Shares purchased under the Plan are paid for in whole or in part by way of payroll deduction, such Shares will not be considered to be paid for in full until all such deductions have been made and the remainder, if any, of the Purchase Price for such Shares has been paid in full in cash. If payment of the Purchase Price for any Shares is funded in whole or in part by a loan to the Eligible Employee by the Company or an affiliate or predecessor of the Company, such Shares will be deemed not to be paid for in full until such loan has been repaid and the remainder of the Purchase Price, if any, has been paid in full in cash.
- 5.4 If an Eligible Employee ceases to be employed by the Corporation or any affiliate thereof before Shares purchased by that Eligible Employee have been issued, the Corporation will immediately refund to the Eligible Employee the full amount of any payment or payroll deductions made in respect of the Shares and the Eligible Employee's Purchase will be deemed to have been rescinded.

ARTICLE 6 - ISSUANCE AND HOLDING OF SHARE CERTIFICATES

- 6.1 On receipt of payment in full (the "Payment Date") of the Purchase Price for Shares purchased under this Plan, the Selling Shareholders and the Corporation will take all action necessary to duly and validly transfer absolutely such Shares to the purchaser thereof and issue a certificate, dated as of the Payment Date, representing those Shares either in the name of the Eligible Employee or, if the Shares are to be held by a trust for the benefit of the Eligible Employee, in the name of the trustee of the trust.
- 6.2 Each share certificate issued under section 6.1 to a Tax Credit Eligible Employee will be held in the custody of an authorized depository on the terms of the escrow agreement, a copy of which can be found on the Ministry's website, for a period of three years from the date of the share certificate.
- 6.3 Within 30 days of issuing a share certificate under section 6.1, the Company will arrange for an investment confirmation setting out the information required by the Act and the Regulations to be delivered to the new shareholder (or, if the new shareholder is a trust, to the annuitant or beneficiary of the trust).

ARTICLE 7 - PURCHASE BY OR TRANSFER TO TRUSTS

[Sample text](#)

ARTICLE 8 - GENERAL REPRESENTATIONS AND COVENANTS

[Sample text](#)

ARTICLE 9 - USE OF FUNDS

- 9.1 The Company will not receive any funds for its own account under this Plan. The Plan deals exclusively with the sale of already issued Shares by the Selling Shareholders.
- 9.2 The Company will, as agent for the Selling Shareholders, receive Share purchase funds from Eligible Employees and remit those funds to the Selling Shareholders. Although paid to the Company, such funds are for the account of the Selling Shareholder entitled thereto.

ARTICLE 10 - APPLICATION FOR TAX CREDIT CERTIFICATES

- 10.1 If a Tax Credit Eligible Employee has purchased Shares under the Plan by:
- (a) delivering a completed Purchase Form to the Company; and
 - (b) paying the Purchase Price for the Shares in full,
- the Company will promptly, on behalf of the Tax Credit Eligible Employee, apply to the Administrator for a tax credit certificate in respect of the purchase of the Shares.

ARTICLE 11 - SHARE VALUE FORMULA

- 11.1 So long as the Plan remains in effect, the following formula for calculation of Share Value (the "Share Value Formula") will be in effect:

[Sample text](#)

- 11.2 Alterations to the Share Value Formula may only be made by the Company with the prior approval of the Administrator and a majority of the Employee Shareholders.

ARTICLE 12 - REPORTS TO EMPLOYEE SHAREHOLDERS

- 12.1 The Company will provide annually/semi-annually/quarterly on (state date) a written report (a "Report") to each Employee Shareholder which contains at least:
- (a) the most recently established Share Value;
 - (b) the basis on which that Share Value was established; and

- (c) disclosure with respect to major decisions made by the Corporation since the last Report which materially affect the Share Value;

and, if applicable,

- (d) a summary (including price information) of all new shares issued and options, warrants or conversion rights granted by the Corporation since the last Report; and

- (e) a separate expression of the Share Value on a fully diluted basis.

- 12.2 Upon request by a Shareholder, the Corporation will provide the Employee Shareholder with access to or copies of the Plan and Constitution.

ARTICLE 13 - REDEMPTION AND SALE OF SHARES

[Sample text](#)

ARTICLE 14 - PRICE AND DILUTION PROTECTIONS

[Sample text](#)

ARTICLE 15 - PLAN AMENDMENTS

- 15.1 With the approval of the Administrator but without the approval of the Employee Shareholders, the Company may amend the Plan to reflect changes made to the Act, Regulations or Policy Statements made by the Administrator since adoption of the Plan.

- 15.2 Alterations to the Plan, except as stated in paragraph 15.1, may only be made with the approval of the Administrator and a majority of the Employee Shareholders.

- 15.3 The Corporation will not amend its Constitution in any manner which would affect a term of condition of the Plan without the prior written consent of the Administrator.

ARTICLE 16 - GENERAL

- 16.1 The Plan will be construed and enforced in accordance with the laws of British Columbia.

- 16.2 Time will be of the essence in this Plan.

- 16.3 The Plan will ensure to the benefit of and be binding upon the Eligible Employees, the Employee Shareholders, the Company and the Selling Shareholders, and their respective heirs, personal representatives and successors.

16.4 Each of the parties to this Plan will do all such other acts and things as may be required to carry out the true intent and meaning of the Plan.

IN WITNESS WHEREOF the Corporation and Selling Shareholders have adopted the Plan as of the date written above.

THE COMPANY:

_____)
)
Authorized Signatory

_____)
)
Authorized Signatory

THE SELLING SHAREHOLDERS:
Signed by:

_____)
)

in the presence of

_____)
)
witness name and signature

Signed by:

_____)
)

in the presence of

_____)
)
witness name and signature