

# UNANIMOUS SHAREHOLDERS' AGREEMENT

DATED [Date]

AMONG:

[NAME OF CORPORATION]  
("Corporation")

- and -

[NAME OF SHAREHOLDER #1]  
("SHAREHOLDER 1")

- and -

[NAME OF SHAREHOLDER #2]  
("SHAREHOLDER 2")

In consideration of the mutual promises set out in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Shareholders and the Corporation agree as follows:

## Article 1 Definitions

1.1 "**Business Day**" shall mean any day other than a Saturday, Sunday or statutory holiday in the province of Ontario or the City of [City]. If any notice period expires or any act must be done on a day which is not a Business Day, then such notice or action shall expire or shall be taken on the next ensuing Business Day.

1.2 "**Commitment Date**" shall mean the day which is twelve months from the effective date of this Agreement as first set out above.

1.3 "**Deadlock**" shall include any situation where:

- (i) a Shareholder is refusing to attend or vote at a properly called meeting of Shareholders, or
- (ii) the Shareholders are unable to agree on any issue that cannot be resolved through the voting mechanism set out in this Agreement and is not something that can be resolved by arbitration,

and also includes any other situation specifically constituting a "Deadlock" set out elsewhere in this Agreement.

1.4 "**Default**" shall include any situation where:

- (i) a Shareholder is failing to comply with their obligations under this Agreement, is refusing to attend a meeting duly called for Corporation business for the purpose of frustrating the quorum, voting or decision-making requirements for that meeting, is failing to participate in the management and affairs of the Corporation as required under this Agreement, or breaches any statutory or fiduciary duty owed to the Corporation or the other Shareholders; and

- (ii) a Shareholder who is also an employee of the Corporation commits an act or fails to act in such a way that the Corporation has Just Cause for terminating the employment of that person;

and also includes any other situation specifically constituting a "Default" set out elsewhere in this Agreement.

1.5 "Disability" with respect to any person shall include:

- (i) the permanent disability or mental incapacity of the person such that he or she cannot fulfil his or her obligations hereunder or work full-time as an employee of the Corporation, or
- (ii) the occurrence of any illness, disability or mental incapacity which has lasted or is likely to last more than six (6) months such that the person cannot fulfil his or her obligations under this Agreement or work full-time as an employee of the Corporation.

1.6 "Fair Market Value" shall mean the highest price, expressed in terms of money or equivalent worth, obtainable in an open and unrestricted market between informed and prudent parties acting at arm's length and under no compulsion to transact.

1.7 "Investment" shall mean all of a Shareholders' shares, options, rights, warrants or other securities in the Corporation, any sums the Corporation may owe the Shareholder from time to time for any reason (other than unpaid wages or salaries) including but not limited to unpaid management bonuses, dividends, shareholder loans, and all shareholder rights of any kind or any rights under this Agreement or any other investment in the Corporation in the Corporation of any kind whatsoever, less any monies the Shareholder owes the Corporation for any reason.

1.8 "Just Cause" for terminating employment of a person shall mean just cause as such term is defined, interpreted and applied in the courts of the province of Ontario at the time of termination, including but not limited to wilful insubordination, stealing from the Corporation or misappropriating Corporation assets or opportunity.

1.9 "Partner1" shall mean *[insert name]*.

1.10 "Partner2" shall mean *[insert name]*.

1.11 "Related Person" shall mean any "affiliate", "associate", "related person" or "subsidiary" of a Shareholder, as those terms are defined in the Ontario *Business Corporations Act* ("Act").

1.12 "Transfer" of an interest includes any sale, exchange, transfer, assignment, gift, pledge, encumbrance, hypothecation, alienation, transmission or other transaction, whether voluntary or involuntary or by operation of law, by which the legal or beneficial ownership of, or a security interest or other interest in, all or any part of any Investment passes or could pass from one person to another.

## **Article 2 Corporate, Trust and Other Shareholders**

2.1 If a Shareholder is a corporation, trust or other legal entity which is not a natural person ("Corporate Shareholder"), then: