

[NAME OF CORPORATION]

Unanimous Shareholders' Agreement

Effective Date: [insert effective date]

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Unanimous Shareholders' Agreement

AMONG:

[NAME OF CORPORATION]

("Company")

- and -

[SHAREHOLDER 1]

("[Shareholder 1]")

- and -

[SHAREHOLDER 2]

("[Shareholder 2]")

- and -

[SHAREHOLDER 3]

("[Shareholder 3]")

- and -

[NAME OF CORPORATION]

("[Corporation]")

ARTICLE 1 -- RECITALS

1.1 The parties to this Agreement are the Corporation, its Shareholders, and the Nominees for such Shareholders.

1.2 The parties wish to provide for the orderly management of the Corporation's affairs and the respective rights and obligations of the shareholders of the Corporation.

THEREFORE, 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 2 – DEFINITIONS and APPLICATION

Definitions

2.1 All defined terms as set out in this Agreement from time to time shall have the meanings ascribed to them whether or not their definition occurs before or after the first use of that term.

2.2 In addition, the following terms shall have the meanings hereinafter set out:

2.2.1 “Act” shall mean the Ontario *Business Corporations Act* as amended from time to time.

2.2.2 “Arm’s Length” shall have the same meaning as that term is given in the Canada *Income Tax Act*.

2.2.3 "Business Day" shall mean any day other than a Saturday, Sunday or statutory holiday in the province of Ontario or the City of Toronto.

2.2.4 “Director” or “Directors” shall mean a director or all the directors of the Corporation from time to time.

2.2.5 “Disability” with respect to any person shall include:

2.2.5.1 the permanent disability or mental incapacity of the person such that he or she cannot fulfil his or her obligations hereunder, or

2.2.5.2 the occurrence of any illness, disability or mental incapacity which has lasted or is likely to last more than twelve months such that the person cannot fulfil his or her obligations hereunder.

2.2.6 “Effective Date” shall be the effective date of this Agreement as set out above.

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

2.2.8 “GAAP” shall mean the accounting principles described as generally accepted accounting principles by the Canadian Institute of Chartered Accountants which are applicable as of the effective date of any calculation required under this Agreement.

2.2.9 “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.

2.2.10 “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 willful insubordination, stealing from the Corporation or misappropriating Company assets or opportunity.

2.2.11 “Nominee” shall mean a natural person appointed to represent a corporate Shareholder, as set out in paragraph 3.1.

2.2.12 “Related Person” shall mean any “affiliate”, “associate”, “related person” or “subsidiary” of a Shareholder, as those terms are defined in the Act.

2.2.13 “Shareholder” shall mean the Shareholders defined below as well as all other or subsequent shareholders of the Corporation, whether they execute or agree to be bound by the terms of this Agreement or not.

2.2.14 “Shareholder/Employee” shall mean a person who is a Shareholder or Nominee, and is also an employee of the Corporation.

2.2.15 “Simple Majority” shall mean any Shareholder or group of Shareholders holding at least 50.1% of the voting shares and securities of the Corporation.

2.2.16 “Special Majority” shall mean any Shareholder or group of Shareholders holding at least 75% of the voting shares and securities of the Corporation.

2.2.17 “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.

Applicable to Subsidiaries

2.3 The parties acknowledge and agree that the Corporation is intended to be a holding company only, and that the provisions of this Agreement will apply as necessary to the management and operation of all Company subsidiaries as well as to the Corporation itself.

Amalgamation

2.4 In the event the Corporation is amalgamated with any other corporation or corporations, then the provisions of this Agreement shall apply with all necessary changes to the amalgamated corporation and any further amalgamations thereof and the Shareholders of any amalgamated corporation unless those Shareholders agree in writing that the provisions of this Agreement will not apply.

Supersedes Articles and By-Laws

2.5 This Agreement is a unanimous shareholders’ agreement. In the event of any conflict between the terms of this Agreement and the Articles or By-Laws of the Corporation, the Shareholders shall cause such meetings to be held, votes to be cast, resolutions to be passed, documents executed, and other things done as are necessary to amend the Articles and By-Laws to comply with the provisions of this Agreement.

Supersedes *Business Corporations Act*

2.6 Unless the Act specifically provides otherwise, the provisions of this Agreement shall supersede anything to the contrary in the Act.

General Obligation of Shareholders to Implement

2.7 The Shareholders shall cause such meetings to be held, votes to be cast, resolutions to be passed, documents executed, and other things done as are necessary to implement this unanimous shareholders' agreement.

Compliance with Agreement

2.8 The Corporation and all Shareholders undertake and agree to comply with the provisions of this Agreement.

ARTICLE 3 – NOMINEES

Nominees for Corporate Shareholders

3.1 Every corporate Shareholder shall have a natural person as their nominee ("Nominee") for the purposes of this Agreement. In addition to any other purpose for Nominees set out in this Agreement, Nominees will execute all voting rights of corporate Shareholders under this Agreement. As long as they are legally, mentally and physically capable of doing so, the Nominee for each corporate Shareholder will be as follows:

Shareholder	Nominee

3.2 No corporate Shareholder shall replace or change its Nominee without the prior consent of a Special Majority of the other Shareholders, provided that:

3.2.1 if, for any reason, a Nominee named above is no longer legally, mentally or physically capable of acting as a Nominee, then the Nominee or his personal representative shall appoint another approved, competent person to assume his position as Nominee; and

3.2.2 a Shareholder or Nominee may, by written proxy or power of attorney, appoint another to stand in his place during any time when the stated Nominee is unable to be present at any meeting of Shareholders but for the purpose of that meeting only.

THIS IS A 19-PAGE DOCUMENT. THE FOREGOING IS A SAMPLE PREVIEW.