

BYLAWS
INDUSTRIAL PARTICIPATION ASSOCIATION OF CANADA

ARTICLE I

NAME

Section 1. The name of this corporation ("Association") shall be "Industrial Participation Association of Canada".

ARTICLE II

PURPOSES

Section 1. Purposes of the Association. The purposes of this Association, as enumerated in its Certificate of Incorporation, are set forth below:

(a) To promote an understanding for companies doing business with Canada which have or may have an Industrial and Regional Benefits ("IRB) and/or Industrial and Technological Benefits ("ITB"), including Value Proposition ("VP") obligation with Canada or a similar industrial participation obligation as required by Canada ("Industrial Participation Requirements");

(b) To promote an understanding for Canadian companies doing business with other countries which have established industrial cooperation, industrial participation, offset or countertrade requirements through legislation, regulation, practice, custom or otherwise ("International Industrial Participation Requirements");

(c) To disseminate among its Members and others, including legislative, executive and administrative bodies of Canada, and other associations in Canada or elsewhere accurate and reliable information concerning Industrial Participation Requirements and the impact or possible impact of such Industrial Participation Requirements on Canada, including obligors, beneficiaries and the Canadian economy in general;

(d) To provide a forum for discussion of possible solutions for meeting Industrial Participation Requirements and International Industrial Participation Requirements, thereby improving the effectiveness and professionalism of Members; and

(e) Generally, to do anything necessary and proper for the advancement of Member companies engaged in Industrial Participation or for the accomplishment of any objectives and purposes set forth above, or any other purposes, which shall be recognized as proper and lawful objectives of associations, all of which shall be consistent with the public interest as well as be in the interest of the countertrade and offset industry; provided, however, that nothing contained in these Bylaws shall authorize this Association to engage in any business for pecuniary profit.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Membership in this Association is allowed for individuals and business entities which meet the requirements stated below. Businesses with more than one affiliated legal entity may join as a Corporate Group with the full benefits of membership. Applicants for membership must, in the sole opinion of the Board of Directors, meet the following criteria:

- (i) The entity is a prime contractor engaged in manufacturing or providing services who has incurred or who reasonably anticipates incurring an Industrial Participation Requirements obligation as a condition of sale of products or services with Canada; or
 - (ii) The entity is a sub-contractor (at any level) who is a supplier of components or services to a prime contractor who has incurred or who reasonably anticipates incurring an Industrial Participation Requirements obligation as a condition of sale of products or services and such Industrial Participation Requirements obligation is imposed either by the prime contractor or Canada; or
 - (iii) The entity is a Corporate Group of affiliated companies which has one or more entities that meet either the criteria of Section (i) or (ii) above; or
 - (iv) The person or entity is a consultant that generally provides consulting services to an entity which meets any of the criteria of Section (i), (ii) or (iii) above;
- and

- (v) The individual or entity certify that they and its owners and affiliates are not included on any denied party and similar lists in its country of formation, and the entity (and its owners and affiliates) must not be listed on any denied party and similar lists maintained by Canada; and
- (vi) An entity is duly organized and in good standing in its jurisdiction of formation; and
- (vii) The Member has been nominated by a Member in good standing with the Association; and
- (viii) The entity or Corporate Group is committed to furthering the purposes of this Association.

Section 2. Application for Membership. Application for Membership must be submitted in writing to the Board of Directors of the Association with evidence of nomination by an existing Member. All applicants shall state and agree that, if approved for Membership, they will be bound by and obey the Bylaws, policies, rules and regulations of the Association, including an obligation to pay annual dues. Dues may be prorated to the date of approval of the Membership application.

Section 3. Approval of Membership. Applications for Membership must be approved by a favourable vote of no less than two-thirds (2/3rds) of the Board of Directors which shall be the sole judge of the qualifications of the applicant and whether inclusion of the applicant in the Association's Membership would be consistent with commonality of Member interests and the Association's ability effectively to accomplish its purposes. Membership decisions of the Board of Directors shall be final.

Section 4. Representatives of Member Firms or Corporations. Each entity or Corporate Group approved for Membership in the Association shall designate in writing an officer or employee who shall officially represent such Member at meetings of the Association and shall have one (1) vote. Each entity or Corporate Group may also similarly designate an alternative representative who may perform the same functions in the absence of the representative.

Section 5. Obligation of Members. The Bylaws and any amendments thereto made hereafter shall be deemed a contract between the Association and its Members

for the benefit of each and all, and shall be observed and adhered to by each Member; and each Member of the Association, by virtue of its Membership, covenants and agrees with the Association and with each and every Member thereof that it will observe, adhere to and be bound by the same.

Section 6. Review of Member qualifications. The Board of Directors shall, from time to time, as it deems appropriate, review the qualifications of Members to ensure that they continue to meet the requirements of membership.

ARTICLE IV

TERMINATION OF MEMBERSHIP

Section 1. Withdrawal and Nonparticipation. Any Member may withdraw from the Association after payment of all dues by giving written notice of its (or his or her in the case of an individual) resignation to the Chair of the Board of Directors. Any such written resignation shall operate as a release of all right, title or interest on the part of such Member in or to the Association or its property or assets. Should a resignation not be received prior to January 1, the Member shall be liable for the dues for that year. Non-participation in Association meetings or activities for a period of two (2) years may be deemed a withdrawal of Membership at the sole decision of the Board of Directors.

Section 2. Termination for Cause. For good cause, with adequate due process and in the interests of the Association, the Board of Directors may terminate the Membership of any Member by a vote of eighty (80%) percent in favor of such termination. For the purposes of this provision, due process shall be limited to at least fifteen (15) days written notice of the basis for a possible termination of membership and the ability to attend and speak at the meeting of the Board of Directors at which such termination for cause will be voted upon.

ARTICLE V

FINANCES

Section 1. Financial Management. The Association shall be organized under the Canada Not-for-profit Corporations Act S.C. 2009, c.23 including the Regulations made pursuant to the Act, and any statute or regulations that may be substituted, as amended from time to time. The management and control of the finances of the

Association shall rest in the Board of Directors. Funds for defraying the expenses of the Association shall be raised through dues and fees.

Section 2. Dues. For the purposes of creating a fund adequate to meet the expenses of the Association and to permit it to effectively carry out its purposes, the Members may be required to pay dues. The amount of the dues shall be decided by the Board of Directors. The annual budget shall be determined by the Board of Directors. Dues may be varied from year to year.

Section 3. Prorating Dues and Fees. The Board of Directors may, in its discretion, prorate dues and fees according to the time of the year an application is received.

Section 4. Fiscal Year. The fiscal year shall commence on the first day of January and shall end on the 31st day of December of each year.

Section 5. Banking Arrangements. The banking business of the Association shall be transacted at such bank, trust company or other firm or Association carrying on a banking business in Canada or elsewhere as the Board of Directors may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of the Association and/or other persons as the Board of Directors may by resolution from time to time designate, direct or authorize.

Section 6. Borrowing Powers. The Board of Directors of the Association may, without authorization of the members,

- i. borrow money on the credit of the Association;
- ii. issue, reissue, sell, pledge or hypothecate debt obligations of the Association;
- iii. give a guarantee on behalf and
- iv. mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Association, owned or subsequently acquired, to secure any debt obligation of the Association.

Section 7. Annual Financial Statements. The Association may, instead of sending copies of the annual financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act to the members, publish a notice to its members stating that the annual financial statements and documents provided in subsection 172(1) are available at the registered office of the Association and any member may, on request, obtain a copy free of charge at the registered office or by prepaid mail.

Section 8. Dissolution. Any property remaining on liquidation of the Association, after discharge of liabilities, shall be distributed to one or more qualified donees within the meaning of subsection 248(1) of the Income Tax Act.

ARTICLE VI

MEETINGS OF MEMBERS OF ASSOCIATION

Section 1. Annual Meetings. There shall be an annual meeting of the Members of the Association for the election of Board of Directors Members and the transacting of such other business as may come before the annual meeting. The annual meeting shall be held during the months of March or April at a time and place to be designated by the Board of Directors. In the event an annual meeting cannot be held due to a reason acceptable to the Board of Directors, the annual meeting shall be held as soon as possible thereafter.

Section 2. Notices of Meeting. Notice in writing of all meetings of Members of the Association shall be sent at least thirty (30) days in advance of the date of such meeting, to each Member by letter, telegram, e-mail, telefax or other electronic means or other communication addressed to the last known address appearing upon the books of the Association.

Section 3. Attendance at Meetings and Voting. All Members shall be entitled, through their designated representative, to attend all meetings of Members of the Association, including the annual meeting of Members. Corporate Members shall be permitted to attend meetings of Members through their designated representative. The Board of Directors may establish proper procedures to allow for voting by proxy at

annual meetings, and/or the possibility of electronic or e-mail voting for those Members who are unable to attend the annual meeting.

Section 4. Quorum. Members constituting twenty-five (25%) of the active Members (who are active and whose dues are fully paid), irrespective of whether appearing in person or by proxy, shall constitute a quorum for purposes of the Association taking any action or conducting any business.

ARTICLE VII

OFFICERS AND BOARD OF DIRECTORS

Section 1. Board of Directors – Election and Term.

(a) **Number and Class.** The Association shall have an Board of Directors of up to fifteen (15) persons, at the discretion of the Board of Directors, each of whom shall be an officer or employee of a Member in good standing or a Member in his/her own name.

(b) **Term.** Terms for the members of the Board of Directors (“EC Member”) shall be two (2) years. In the event that an election is held other than in March or April of a year, the election will be for a term of less than two (2) years such that the term ends at the second annual meeting after such election and maintains the principle of alternating elections for approximately fifty percent (50%) of the members of the Board of Directors each year. In the event a member of the Board of Directors is no longer an officer or employee of the Member, he or she shall resign immediately.

(c) **Election to Board of Directors.** Election to the Board of Directors shall be by majority vote of Members present at the annual meeting or represented by proxy and entitled to vote for such member, as provided herein. The election of the members to the Board of Directors shall be done in a manner so as to provide for staggered terms such that approximately fifty percent (50%) of the EC Members is up for election each year.

(d) **Unexpired Terms of Board of Directors Members.** In the event an EC Member shall resign or in the case of a termination of an EC Member for cause as described below in Article VII, Section 1, (e), his or her office shall be filled by majority vote of the Board of Directors and such new EC Member shall serve the balance of the

unexpired term until the annual meeting of the Association at which the term of the EC Member that resigned or was terminated (as the case may be) would have expired.

(e) **Termination of an Board of Directors Member for Cause.** The Board of Directors may terminate the membership of a Member of the Board of Directors for good cause in the sole discretion of the Board of Directors, by a vote of eighty percent (80%) of the total Board of Directors, excluding the EC Member being considered for removal.

Section 2. Board of Directors Meetings, Duties and Powers.

(a) **Establish Policies, Etc.** The Board of Directors shall supervise, control, manage and direct the property, affairs, and business of the Association, shall determine its policies or changes in policies within the limits of the Bylaws, shall actively prosecute its objectives, shall control the fiscal affairs of the Association, and shall have the authority to disburse and allocate any of its funds.

(b) **Levying of Dues and Fees.** The Board of Directors shall decide on the rate and method of levying dues and fees and shall notify the Members of its decision prior to the next fiscal year to commence on the first day of January of the next calendar year.

(c) **Meetings.** The Board of Directors may meet in person, or alternatively, it may take action pursuant to: (a) a consent in lieu of meeting; (b) by telephone conference call; or (c) electronically by e-mail or some other electronic means. The Secretary shall be responsible for establishing proper procedures for such alternatives to an actual meeting of the Board of Directors.

Section 3. Officers.

(a) **Officers.** The Board of Directors shall select from its Members the following officers, who shall serve a term of one (1) year.

(b) **Chair.** The Chair of the Association shall manage and provide leadership to the Board of Directors. The Chair is accountable to the Board of Directors and acts as a direct liaison between the Board of Directors and the management of the Association, through the President.

(c) **Vice Chair**. The Vice Chair shall serve as Chair in the absence of the Chairman and shall undertake such other duties as the Chair and/or the Board of Directors may assign to the Vice Chair from time to time.

(d) **President**. The President, subject to the oversight and direction of the Board of Directors, shall manage the affairs and operations of the Association.

(e) **Secretary**. The Secretary of the Association shall keep minutes of all meetings of the Board of Directors as well as meetings of Members of the Association. In addition, the Secretary shall keep such other records of the Association, including records of the Membership, as may be reasonable and prudent to maintain, including those required by law to be maintained by the Association. The Secretary shall perform such other duties as may be from time to time delegated to him or her by the Chair or the Board of Directors.

(f) **Treasurer**. The Treasurer of the Association shall be charged with the management of the financial affairs of the Association and shall have the power to make recommendations regarding the financial affairs of the Association to the Chair and the Board of Directors. The Treasurer shall perform such other duties as may be from time to time delegated to him or her by the Chair or the Board of Directors.

(g) **Other Officers**. The Board of Directors may establish such other officers of the Association, as the Board of Directors, in its sole discretion, deems appropriate.

ARTICLE VIII

OTHER COMMITTEES

Section 1. Establishment of Committees. The Board of Directors may by resolution passed by a majority of its Members designate other committees, each of which shall have and may exercise such powers as shall be delegated to such committees by the Board of Directors. Membership in such other committees shall be open to both Regular including individuals that are not Members or Member designees as the Board of Directors may decide appropriate.

ARTICLE IX

LOCATION OF OFFICES

Section 1. Registered Office. The registered office of the Association shall be 1502-222 Queen St, Ottawa ON K1P 5V9, or such other registered office as the Board of Directors may establish from time to time.

Section 2. Principal Business Office. The principal business office shall be located at such place as may be designated from time to time by its Board of Directors.

ARTICLE X

INTERPRETATION OF BYLAWS

Section 1. Construction. In case of any dispute as to the construction of these Bylaws, the matter may be referred by any interested party to the Board of Directors of this Association, and its decision as to proper construction shall be final and exclusive, with the advice and consent of the Legal Committee, if one has been established.

ARTICLE XI

LIABILITY OF OFFICERS AND COMMITTEE MEMBERS

Section 1. Liability. The personal liability of each person who is or was a director, officer, committee Member, or volunteer of the Association (including the heirs, executors, administrators or estate of such person) to the Association or its Members shall be limited to the full extent permitted by law.

Section 2. Indemnification. Each person who is or was a director, officer, committee Member, or volunteer of the Association (including the heirs, executors, administrator or estate of such person) shall be indemnified by the Association as of right to the full extent permitted or authorized by law against any liability, cost or expense asserted against him/her and incurred by him/her in his/her capacity as a director, officer, committee Member, or volunteer.

Section 3. Insurance. The Association may maintain insurance, at its expense, to protect itself and any such person against any such penalty, expenses, judgments, fines, or amounts paid in settlement.

ARTICLE XII

AMENDMENTS

Section 1. Procedure. The Bylaws may be amended, modified or repealed at any regular meeting of the Members upon the affirmative vote of a majority of the Regular Members in good standing and present either in person or by proxy at such meeting; provided that notice of such proposed amendment shall be sent at thirty (30) days in advance of the date of such meeting, to each Member by letter, telegram, e-mail, telefax or other electronic means or otherwise communicated to the last recorded address of each Member appearing on the books of the Association.