

# Canada

## Employment

### Labor Concerns

Employee entitlement claims may arise with the offer of restricted stock or RSUs. The Plan and related agreements must be carefully drafted to ensure that the employer retains the right to amend or terminate the Plan. The award agreements should include provisions stating that vesting related to the restricted stock or RSU plan will cease upon termination of employment.

It is necessary for the Plan to be drafted to limit rights during a notice period of termination of employment. It should be clearly stated that the termination of employment is the last day of active employment with the Subsidiary and that vesting rights will not be influenced by a period of notice that is given, or ought to have been given, under statute, contract or at common law.

It is also important that the Plan be drafted so as not to unintentionally result in a discrimination complaint. For example, if the Plan is more beneficial to employees of a specific age, then it may be at risk of a discrimination complaint.

### Communications

For employees in Quebec, documents related to the Plan must generally be remitted to employees in the French language, unless an employee expressly agrees to receive documents in English.

Electronic execution of award agreements may be acceptable under certain conditions.

## Regulatory

### Securities Compliance

The offer of restricted stock or RSUs to employees in Canada is generally exempt from the prospectus and registration requirements of Canadian securities laws based on exemptions contained in National Instrument 45-106. Any disclosure documents delivered to employees in Quebec must be filed with the Autorité des Marchés Financiers (“AMF”). There are no fees payable in connection with this filing and there is no formal review of the documents by the AMF.

### Foreign Exchange

There are no foreign exchange restrictions applicable to restricted stock or RSU plans.

### Data Protection

Employee consent for the processing and transfer of personal information is a recommended method of compliance with existing data privacy requirements. Quebec has additional data protection requirements.

## Tax

### Employee Tax Treatment

The employee is subject to tax on the value of the Stock when the restricted stock is granted. The employee is generally subject to tax on the value of the Stock when the RSU award is settled. The employee also is subject to tax on one-half of any capital gain realized upon subsequent sale of the Stock.

### Social Insurance Contributions

Social insurance obligations are levied on an employee's earnings, including Plan benefits, up to an earnings cap.

### Tax-Favored Program

None.

### Withholding and Reporting

The employer has a reporting and withholding obligation that applies to the proceeds received by employees through the Plan.

### Employer Tax Treatment

The Subsidiary may not claim a local tax deduction for the costs of the Plan, unless it makes a contribution for the purchase of Stock on the open market.

This summary is intended to reflect local law and practice as at 1 May 2013. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and plan design facts that are specific to your company may impact how the local laws affect the company's equity based compensation plans. With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.