

Plan text

for

**The Deferred Profit Sharing Plan
named in the *Deferred Profit Sharing Plan (DPSP) information* section of the
Sun Life Essentials Plus Application
(the “Plan”)**

Effective Date of the Plan:

The effective date is as specified in the *Deferred Profit Sharing Plan (DPSP) information* section of the Sun Life Essentials Plus Application.

Legal Name of Sponsoring Company:

The Sponsoring Company is the Plan sponsor named in the *Specimen DPSP agreement statement* section of the Sun Life Essentials Plus Application (the “Company”).

By signing the *Specimen DPSP agreement statement* section of the Sun Life Essentials Plus Application the Company hereby adopts the Plan.

INTRODUCTION

The primary purpose of the Plan is to allow employees to share in the profits of the Company as a result of their employment and to accumulate those savings under a tax-deferred arrangement.

A Trust Fund will be established with, held and administered by the Trustee, in accordance with the Trust Agreement executed between the Company and the Trustee. Company Contributions will be paid into the Trust Fund and accumulated in individual Member accounts. Benefits under the Plan are determined by reference to each Member's accumulated Vested Value and all of the amounts to be distributed under the Plan will be paid from the Trust Fund. The Plan and Trust Fund are administered in accordance with Applicable Legislation.

Any action to be taken, consent, approval or opinion to be given, or discretion or decision to be exercised or made by the Company, will refer to the company named on the face page of this Plan text, acting through its Board of Directors, or any person or persons authorized by the Board of Directors for purposes of this Plan.

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1 DEFINITIONS

Throughout this document all male terms include the female terms and singular includes the plural unless otherwise stated. The following words and phrases have the meaning given below unless a different meaning is clearly required by the context.

“Applicable Legislation” means the Income Tax Act (Canada) and the regulations thereunder, the administrative rules of the federal tax authority and any other federal or provincial legislation applicable to deferred profit sharing plans.

“Beneficiary” means a beneficiary designated by a Member to receive any benefits payable under the Plan in the event of the Member's death.

“Board of Directors” means the board of directors of the Company named on the face page of this Plan text.

“Company” means the company named on the face page of this Plan text, and includes any subsidiary or associated companies designated by the Board of Directors.

“Company Contribution” means the amount contributed by the Company pursuant to Section 3.

“Disability” means any mental or physical disability certified by a medical practitioner approved by the Company which prevents a Member from performing the work for which he was employed or similar work.

“Effective Date” is as defined on the face page of this Plan text, or such other later date as may be determined by the federal tax authority.

“Funding Agreement” means any agreement or agreements entered into between the Trustee and a life insurance company or a trust company, or a combination thereof, designated by the Company for investment of the Trust Fund.

“Member” means an employee who has been enrolled in the Plan and is entitled to its benefits and privileges.

“Sun Life” means Sun Life Assurance Company of Canada, appointed by the Trustee as its agent for the purposes of the administration of the Plan.

“Trust Agreement” means the agreement entered into between the Company and the Trustee establishing the Trust Fund.

“Trustee” means a trust company incorporated under the laws of Canada or of a province, or at least three trustees who will be individuals resident in Canada, as the Company may appoint from time to time.

“Trust Fund” means the fund established pursuant to the Trust Agreement to which Company Contributions are to be made and from which all benefits under the Plan are to be paid.

“Vested Value” means the value of the Member's account representing vested Company Contributions, including reallocated amounts, if any, and associated interest, gains and losses.

2 ELIGIBILITY AND MEMBERSHIP

Eligibility

The Company will designate, at its absolute discretion, certain employees for membership in the Plan.

Exclusion from Membership

The Company will not designate for membership in the Plan any individual excluded from membership by paragraph 147(2)(k.2) of the Income Tax Act (Canada). Such individuals excluded from membership include, but are not limited to, individuals who are:

- related to the Company;
- specified shareholders or individuals related to specified shareholders of the Company or a related corporation;
- related to a partner, if the Company is a partnership;
- related to a beneficiary, or is a beneficiary under the trust, if the Company is a trust.

Enrolment

An eligible employee may join the Plan by completing the enrolment process required by the Company.

Effect of Re-employment

An employee who terminates his employment and is later rehired by the Company will be regarded as a new employee for the purposes of the Plan and his membership will be subject to the Eligibility requirements defined above.

Disclosure

The Trustee will provide the Company with information about the Plan and the investment options to give to each new Member. The Company, on behalf of the Trustee, will pass this information and any other information required under Applicable Legislation to Members.

No Expansion of Rights

Membership in the Plan does not confer any legal right upon the employee for continuation of employment.

3 CONTRIBUTIONS TO THE PLAN

Company Contributions

Company Contributions will be made out of the Company's profits, either the current year's profits or profits accumulated from previous years but not yet allocated, and will be remitted to the Trust Fund.

The Company Contribution in respect of any Member will be an amount as the Company will determine at its absolute discretion.

Timing of Contributions

Contributions will be made no later than 120 days after the end of each Company fiscal year.

Maximum Contribution Limit

The maximum amount that may be contributed in respect of a Member in any calendar year is limited to the maximum contribution limits for a deferred profit sharing plan under paragraph 147(5.1) of the Income Tax Act (Canada).

No Employee Contributions

A Member is not permitted to make any contributions to the Plan.

Allocation of Contributions

Company Contributions will be allocated to the Members' accounts in the year in which they are received by the Trustee.

Catch-up contributions

If it is determined by the Company that an error has occurred in the calculation of the contributions or the interpretation of the Plan, such that all or a portion of Company Contributions that should have been made to the Plan during a year were not made, then additional contributions ("Catch-up Contributions") may be made in the manner determined by the Company until such time the error has been corrected. Such Catch-up Contributions will be subject to the limits set out in the "Maximum Contribution Limit" paragraph above.

Investment of Contributions

The Trustee will invest the Trust Fund in the range of investments available under the Funding Agreement and in accordance with Applicable Legislation.

Contributions are invested as directed by each Member through a process designated by Sun Life. In the absence of the Member's instruction, contributions will be invested in the default investment elected by the Company. A Member may change his investment direction or transfer between investment funds at any time in accordance with the provisions of the Funding Agreement.

Investment Earnings

Investment earnings on the Members' accounts will consist of interest, gains and losses sustained by the Trust Fund, as attributed to the investments to which the contributions have been directed under the Funding Agreement, less any fees or expenses related to the operation of the investments or the Plan.

Investment earnings will be credited not less frequent than monthly.

4 VESTING

Vesting refers to a Member's entitlement to the Company contributions made on the Member's behalf.

Vesting of Member Account

The option chosen by the Company is specified in the *Statement of variables for the DPSP* section of the Sun Life Essentials Plus Application.

Option 1

Contributions made on behalf of a Member will be immediately vested.

Option 2

Contributions made on behalf of a Member will be fully vested upon the completion of 24 consecutive months of Plan membership.

The Company may waive the vesting requirement for any Member provided the waiver does not contravene any Applicable Legislation.

Notwithstanding the above, a Member will have full vested rights immediately to the contributions made on his behalf in the event of the Member's retirement, death, Disability or on termination of the Plan.

Distribution of Forfeitures

Any Company Contributions to which the Member has not acquired vested rights will be forfeited by the Member and distributed in accordance with Section 7.

5 PAYMENT OF BENEFITS

Termination of Employment, Retirement, Disability or Plan Termination

In the event of a Member's termination of employment, retirement, Disability or if the Plan terminates, the Member will be entitled to the Vested Value of his account, as described in Section 4.

Death

Upon the death of a Member at any time while in the employment of the Company, the Member's Beneficiary will be entitled to the Vested Value of his account, as described in Section 4.

Determination of Member's Account Value

The value at any date of any Member's account will be determined in accordance with the Funding Agreement.

Distribution of Benefits

Not later than:

- (a) the Member's latest retirement date required under the Income Tax Act (Canada), and
- (b) 90 days after the earliest of the Member's:
 - termination of employment,
 - retirement,
 - onset of Disability, except as provided below, or
 - death,

the Vested Value of the Member's account will become payable in the form of a single lump sum cash payment. At any time before such date the Member may elect that the amount payable to him will be:

- (i) paid in equal cash instalments payable not less frequently than annually over a period selected by the Member, not exceeding 10 years from the date on which the amount became payable; or
- (ii) paid by the Trustee to a corporation licensed or otherwise authorized under the laws of Canada or a province to carry on an annuities business in Canada, to purchase for the Member an annuity, of a type selected by the Member, provided that the annuity will commence not later than the latest retirement date required under the Income Tax Act (Canada), and that the guaranteed term of the annuity, if any, will not exceed 15 years; or
- (iii) transferred as permitted under subsection 147(19) of the Income Tax Act (Canada).

In the event of the Member's death, if the Member's spouse or common-law partner is the Member's Beneficiary, the spouse or common-law partner may elect to transfer the amount in accordance with (iii) above. The death benefit will be settled in a lump sum cash payment if payable to a Beneficiary other than the Member's spouse or common-law partner, or to the Member's estate.

The terms "spouse" and "common-law partner" are as defined in the Income Tax Act (Canada) as it relates to deferred profit sharing plans.

Failure to Make an Election

Upon termination of their membership in the Plan, for any reason other than death, unless the terminated Member provides direction for disbursement, Sun Life will be entitled, in its sole discretion, to transfer the amount payable on such date as soon as practicable to a group retirement savings plan established under a group annuity policy issued by Sun Life (the “**Receiving Policy**”) under which the Member is the annuitant and for which Sun Life will apply for registration. Upon such transfer, the beneficiary designation applicable to the Plan shall transfer to the Receiving Policy, except if (a) multiple Member’s accounts and for which such Member has made different beneficiary designations are transferred from the Plan or from the Plan and one or more other plans, in which case any proceeds payable on the Member’s death shall become payable to the Member’s estate, unless the Member had designated a beneficiary to receive such proceeds, or (b) the Member already holds an account under the Receiving Policy at the time of the transfer and the beneficiary designation applicable to the Receiving Policy is different from the beneficiary designation applicable to the Plan, in which case the beneficiary designation made by the Member under the Receiving Policy prior to the transfer shall continue to apply.

The Member appoints Sun Life as its attorney in fact to execute all such documents and make such elections as are necessary to establish and operate the said registered retirement savings plan.

Notwithstanding the above, should the Member fail to make an election by the latest retirement date required under the Income Tax Act (Canada), Sun Life will transfer all assets held in the Member’s account to a Registered Retirement Income Fund (“RRIF”) opened and registered on behalf of the Member. The Member hereby appoints Sun Life as its attorney in fact to execute all such documents and make such elections as are necessary to establish and operate the RRIF.

To the extent assets in a Member’s account are locked-in under Applicable Legislation, the RRIF applicable to such amounts will be a Life Income Fund or a Locked-in Retirement Income Fund, which may be subject to a maximum payment amount under Applicable Legislation.

In the case of Disability, the Member may defer his retirement while he receives long-term disability benefits under a disability income plan adopted by the Company, but not beyond the latest retirement date required under the Income Tax Act (Canada).

Withdrawals Prior to Termination of Employment

The option chosen by the Company is specified in the *Statement of variables for the DPSP* section of the Sun Life Essentials Plus Application.

Option 1

A Member may not withdraw any portion of his account while in the employment of the Company unless for reason of Disability as permitted under the Plan.

Option 2

A Member may elect to withdraw any portion of the vested value of his account while in the employment of the Company. Vesting is determined as though the Member’s employment had terminated on the date of the withdrawal request.

Marriage or Relationship Breakdown

In the event of breakdown of marriage or common-law relationship where an assignment of the Member’s benefits is made to the Member’s spouse or common-law partner or former spouse or common-law partner under a decree, order or judgment of a competent tribunal, or under a written agreement, such spouse or common-law partner may elect to transfer the amount in accordance with (iii) under Distribution of Benefits above.

Distribution Constitutes Release

Any distribution pursuant to the provisions of the Plan, including but not limited to, payment to a Member who has terminated employment with the Company, or to his Beneficiary or estate, will, to the extent of such distribution, fully release and discharge the Trustee, the Company and Sun Life from any and all claims of the Member, or any person or persons claiming through the Member or assuming any claim to the Member's account.

6 ADMINISTRATION OF THE PLAN AND TRUST FUND

Responsibilities

The Trustee will have sufficient authority to ensure the implementation and operation of the Plan and the payment of benefits to Members and their Beneficiaries, and will appoint Sun Life as its agent for the purposes of the administration of the Plan.

The Company will conclusively decide all matters relating to the administration, interpretation and operation of the Plan and will make such rules and regulations relating to the operation of the Plan as it believes to be appropriate and may, from time to time, amend or revoke such rules and regulations.

Records

The Trustee will keep or cause to be kept such records as may be necessary or appropriate in the discharge of its duties under the Plan.

Whenever the records of the Company are used for purposes of the Plan, such records will be conclusive of the facts with which they are concerned.

Payment of Expenses

The fees associated with investment management under the Funding Agreement, record keeping, employee communications, account servicing and any other fees associated with administration of the Plan will be paid by the Member and will be reflected in the value of the Member's account.

A Member will be responsible for any additional charges applicable to account servicing requested by the Member.

A person who is no longer an employee, or the Beneficiary or estate of such person, may be responsible for all fees and expenses incurred in maintaining such person's accounts.

Statements

Each Member will be provided, at a minimum, with an annual statement which shows the value of his account under the Plan and any transaction activity during the period of the statement.

Interest in Specific Assets

Nothing in this Plan or in the Trust Agreement will be deemed to give any Member any interest in any specific property of the Trust Fund or any interest other than his right to receive payments in accordance with the provisions of the Plan, and no loan may be made to a Member or beneficiary.

No Diversion of Assets

No part of the corpus or income of the Trust Fund will be used for, or diverted to, purposes other than for the exclusive benefit of Members, their Beneficiaries or estates, except as provided in the Plan.

7 MISCELLANEOUS PROVISIONS

No Surrender or Assignment

Any benefits payable under the terms of this Plan are for the Member's own use and benefit and are not capable of being assigned, alienated or surrendered and do not confer upon any Member, personal representative or dependent, or any other person, any right or interest in the benefits or annuity payments, if any, capable of being assigned or otherwise alienated, nor shall any such benefit be capable of surrender.

Notwithstanding any other provision of the Plan, no right or benefit of a person under the Plan is capable of any surrender or assignment other than:

- (i) an assignment under a decree, order or judgment of a competent tribunal, or under a written agreement, that relates to a division of property between the Member and the Member's spouse or common-law partner, or former spouse or common-law partner, in settlement of rights that arise out of, or on a breakdown of their marriage or common-law partnership,
- (ii) an assignment by a deceased Member's legal representative on the distribution of the Member's estate, and
- (iii) a surrender of benefits to avoid revocation of the Plan's registration.

Ancillary Benefits

No benefit or loan, other than those described in subparagraphs 147(2)(k.1)(i), (ii), (ii.1), (iii) and (iv) of the Income Tax Act (Canada), that is conditional in any way on the existence of the Plan may be extended to the Member or to any person with whom the Member does not deal at arm's length.

Designation of Beneficiary

A Member may designate a Beneficiary to receive any benefits payable under the Plan on his death, or alter or revoke such designation from time to time, by giving notice in the form and manner designated by Sun Life. Any designation is subject to Applicable Legislation governing designation of beneficiaries and the provisions of any annuity, insurance or other contract which may apply.

Distribution of Forfeitures

Any Company Contributions to which the Member has not acquired vested rights will be forfeited by the Member. The forfeitures and associated investment earnings will be, on or before the last day of December of the year immediately following the calendar year in which the amount became available, and in the absolute discretion of the Company:

- (a) used to satisfy Company Contributions under the Plan;
- (b) reallocated among the active Members of the Plan in a manner determined by the Company, subject to the Maximum Contribution Limits described in Section 3; or
- (c) returned to the Company.

If the forfeitures are not used by the last day of December of the year immediately following the calendar year in which the amount became available, the forfeitures will be returned to the Company by such date.

In the event of Plan termination, if the distribution of forfeitures is not specified by the Company, the forfeitures will be returned to the Company.

Limitation on Liability

Except for its wilful misconduct or fraud, the Company will not be in any way subject to any legal liability to any Member or anyone claiming under him, for any cause or reason or thing whatsoever, in connection with the Plan and the Trust Fund.

Except for its or their wilful misconduct, gross negligence or fraud, neither Sun Life, nor the Trustee will be in any way subject to any legal liability to any Member or anyone claiming under him, for any

cause or reason or thing whatsoever, in connection with the Plan and the Trust Fund.

Neither the Trustee, nor Sun Life or the Company, guarantee the Trust Fund in any way from loss or depreciation. To the extent permitted by Applicable Legislation, the liability of any of them to make any payment under this Plan is limited to the available assets of the Trust Fund.

Jurisdiction

The Plan and all rights thereunder will be governed, construed and administered in accordance with the laws of the province of where the Company's principal place of business in Canada is located and the laws of Canada applicable therein.

8 TERMINATION AND AMENDMENT OF THE PLAN

Amendment

The Company reserves the right, by action of the Board of Directors, at any time to amend, in whole or in part, any or all of the provisions of the Plan and acknowledges that such amendment may cause the Plan to no longer conform to the Sun Life specimen deferred profit sharing plan approved by the federal tax authority. Notwithstanding any provision of the Plan, the Company reserves the right to modify or amend the Plan retroactively, if necessary, in order to comply with Applicable Legislation.

Sun Life reserves the right to amend the terms of its specimen deferred profit sharing plan text at any time by providing 90 days' prior written notice to the Company. Notwithstanding any provision of the Plan, Sun Life reserves the right to modify or amend the terms of its specimen deferred profit sharing plan retroactively, if necessary, in order to comply with Applicable Legislation.

No amendment will reduce a Member's benefits which were previously vested under the Plan or make it possible for any part of the Trust Fund to be used for, or diverted to, purposes other than for the exclusive benefit of the Members or their respective Beneficiaries and/or estates.

The duties and liabilities of the Trustee under the Plan will not be altered without the Trustee's written consent.

Continuation of the Plan

The Company intends to maintain this Plan indefinitely, but will be under no obligation to continue the Plan for any given length of time. The Company reserves the right, by action of the Board of Directors, to terminate the Plan at any time should future conditions, in the opinion of the Company, warrant such action.

Effect of Plan Termination

In the event of the termination of the Plan, all assets of the Trust Fund must be distributed for the benefit of the Members and their Beneficiaries within 90 days of the Plan termination date, in accordance with Section 5.

Limitation of Liability

No liability will attach to the Company, the Trustee or the liquidator or trustee in bankruptcy, as the case may be, in connection with any application or distribution of the Trust Fund in accordance with the provisions of this Section, provided such application or distribution was made in good faith and in accordance with the requirements of the federal tax authority.