
SHAREHOLDER DECLARATION

THE CORPORATION OF THE COUNTY OF NORTHUMBERLAND

-and-

**NORTHUMBERLAND COUNTY COMMUNITY DEVELOPMENT INITIATIVES
CORPORATION**

Dated as of ●

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THE CORPORATION OF THE COUNTY OF NORTHUMBERLAND
SHAREHOLDER DECLARATION

RECITALS:

- A. Northumberland County Community Developments Initiatives Corporation (“**NCCDIC**”) is a municipal services corporation wholly-owned by the Corporation of the Municipality of the County of Northumberland (“**Northumberland**”) pursuant to Section 203 of the *Municipal Act, 2001* and Ontario Regulation 599/06, with Northumberland as sole shareholder;
- B. This Shareholder Declaration sets out the requirements of Northumberland relating to the governance and other fundamental principles and policies of NCCDIC.

1. Definitions and Interpretation

- 1.1 Wherever used in this Shareholder Declaration, the following terms shall have these respective meanings:

“**Auditor**” is defined in Section 17(b);

“**Board**” means the board of directors of NCCDIC;

“**Book Value**” means the book value of NCCDIC as at the end of its last completed Fiscal Year as shown in its audited Financial Statements;

“**Business**” is defined in Section 5;

“**Business Plan**” means a five year business plan and budget for NCCDIC prepared and approved in accordance with Section 18.1;

“**CAO**” means the chief administrative officer of Northumberland;

“**Chair**” means the Chair of the Board of NCCDIC from time to time;

“**Council**” means the municipal council of the County of Northumberland;

“**Financial Statements**” means, for any particular period, audited or unaudited (as stipulated in this Declaration), comparative financial statements of NCCDIC consisting of not less than a balance sheet, a statement of income and retained earnings, a statement of changes in financial position, a report or opinion of the Auditor (in the case of audited Financial Statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law;

“**Fiscal Year**” means, in respect of NCCDIC, the annual period of twelve (12) consecutive months as determined by the Board for tax and accounting purposes, including the preparation of financial statements;

“Governmental Authority” means any federal, provincial, or municipal government, parliament or legislature, or any regulatory authority, agency, tribunal, commission, board or department of any such government, parliament or legislature, or any court or other law, regulation or rule making entity, having jurisdiction in the relevant circumstances, including the Canadian Radio-television and Telecommunications Commission, and any person acting under the authority of any Governmental Authority;

“Northumberland” means the Corporation of the County of Northumberland;

“Laws” means:

- (i) applicable Canadian federal, provincial or municipal laws, orders-in-council, by laws, codes, rules, policies, regulations and statutes;
- (ii) applicable orders, decisions, codes, judgments, injunctions, decrees, awards and writs of any court, tribunal, arbitrator, Governmental Authority or other person having jurisdiction;
- (iii) applicable rulings and conditions of any licence, permit, certificate, registration, authorization, consent and approval issued by a Governmental Authority; and
- (iv) any requirements under or prescribed by applicable common law;

“Lien” means any mortgage, assignment, encumbrance, security interest, regardless of form, that secures the payment of any indebtedness or liability or the observance or performance of any obligation;

“Nominating Committee” means a committee of the Board established by the Board for the purpose set out in Section 8(h)(iii);

“NCCDIC” means Northumberland County Community Developments Corporation;

“OBCA” means the *Business Corporations Act* (Ontario);

“Person” means a natural person, firm, trust, partnership, limited partnership, company or corporation (with or without share capital), joint venture, sole proprietorship, governmental or regulatory authority or other entity of any kind;

“President and CEO” means the president and chief executive officer of NCCDIC;

“Private Director” means an individual who is not a member of Northumberland County Council or an employee of, or consultant to, Northumberland or of any agency, board or commission of Northumberland;

“Shareholder” means the Corporation of the County of Northumberland;

“Shareholder Declaration” or **“Declaration”** means this shareholder declaration;

“Shareholder Representative” is defined in Section 12.2;

“Strategic Plan” is defined in Section 3(d);

“Subsidiary” has the meaning given to such term in the OBCA.

- 1.2 Schedules – The following schedules form a part of this Shareholder Declaration and are incorporated by reference:

Schedule A: NCCDIC Inc. Dividend Policy

Schedule B: Director Compensation Policy

- 1.3 Headings and Table of Contents – The inclusion of headings and a table of contents in this Shareholder Declaration are for convenience of reference only and shall not affect the construction or interpretation of this Shareholder Declaration.

- 1.4 Number – In this Shareholder Declaration, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

- 1.5 Laws – All references to statutes or Law contained in this Shareholder Declaration means those statutes or Law in effect from time to time, and all amendments thereto or any re-enactment thereof or replacement statutes.

2. Purpose

The purposes of this Declaration are as follows:

- (a) Subject to the Board’s authority to manage or supervise the management of the business and affairs of NCCDIC, to provide the Board with the Shareholder’s expectations relating to the principles of governance and other fundamental principles and policies regarding the Business;
- (b) To inform the residents of the County of Northumberland of the Shareholder’s fundamental principles regarding the Business;
- (c) To set out the accountability, responsibility and relationship between the Board and the Shareholder

Except as provided in Section 13, this Shareholder Declaration is not intended to constitute a unanimous shareholder declaration under the OBCA or to formally restrict the exercise of the powers of the Board.

3. Shareholder’s Expectations

The Shareholder expects that the Board will establish for itself policies to:

- (a) develop and maintain a prudent financial and capitalization structure for NCCDIC consistent with industry benchmarks and sound financial principles and established on the basis that the Corporation is intended to be a self-financing entity;
- (b) subject to Schedule A, preserve and enhance the value of the Business, and provide the Shareholder with a commercially reasonable return on equity:
 - (i) through the payment of dividends or otherwise;
 - (ii) increase enterprise value over time; and
 - (iii) consistent with a prudent financial and capitalization structure;
- (c) manage all risks related to the business conducted by NCCDIC, through the timely adoption of appropriate risk management strategies and internal controls consistent with industry norms; and
- (d) develop a long range strategic plan (“**Strategic Plan**”) for NCCDIC which is consistent with the maintenance of a viable, competitive business and preserves and enhances the value of NCCDIC.

4. Principles

The following principles will govern the operations of NCCDIC:

- (a) NCCDIC recognizes that it is in the best interests of NCCDIC and the Shareholder that it conduct its affairs:
 - (i) on a for-profit and commercially prudent basis, and in accordance with the financial performance objectives of the Shareholder as set out herein; and
 - (ii) in a manner consistent with policies as may be established by the Shareholder from time to time.
- (b) NCCDIC will operate in a safe and environmentally responsible manner.
- (c) The Board is responsible for determining and implementing the appropriate balance among the foregoing principles and for causing NCCDIC to conduct its affairs in accordance with the same.
- (d) Shareholder return and benefits will be measured by several metrics, including but not limited to, dividends and increase in enterprise value over time. In general, a long term, strategic view will be applied to the measure of shareholder return.

5. Permitted Business Activities

Subject to the restrictions in Section 13, NCCDIC may engage in businesses and related services and activities which are permitted by any Laws applicable from time to time (the

“**Business**”), and as the Board of NCCDIC may authorize in accordance with the terms of this Shareholder Declaration. In so doing, NCCDIC shall comply with all applicable Laws.

6. Standards of Governance

As required by the OBCA, the Board shall supervise the management of the business and affairs of NCCDIC, and, in so doing, shall act honestly and in good faith with a view to the best interests of NCCDIC and shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

7. Board of Directors and Responsibilities

Subject to any matters requiring approval of the Shareholder pursuant to this Shareholder Declaration, the Board will supervise the management of the business and affairs of NCCDIC, including the following specific matters:

- (a) approving the Business Plan;
- (b) approving the Strategic Plan;
- (c) approving any dividend payment as provided for in Schedule A;
- (d) appointing the officers of NCCDIC; and
- (e) approving the remuneration of the senior management of NCCDIC (which includes but is not necessarily limited to the officers).

8. Board of Directors

- (a) Number of Directors – The Board of NCCDIC shall consist of no less than one (1) director and no more than five (5) directors to be appointed by and approved by the Shareholder.
- (b) Initial Board: The first board of directors shall consist of the following three (3) directors: Jennifer Moore, T.J. Flynn and Robert Watson (the “Initial Board”). The Initial Board shall serve until the construction of the turnkey high-speed digital communications network to provide Internet services to Northumberland businesses, homes and community services through a public-private partnership with a private sector led utility is completed (the “Broadband Project”).
- (c) Composition of the Board – Except for the Initial Board of directors as contemplated in Section 8(b), unless otherwise determined by the Shareholder in its discretion, the Board shall consist of Private Directors only.
- (d) Chair of NCCDIC – The Chair of the Board shall not have a deciding vote in the case of a tie.

- (e) President and CEO, Chief Financial Officer and Chief Operating Officer of NCCDIC – The President and Chief Executive Officer and the Chief Financial Officer of NCCDIC shall not be Directors but may be invited to attend meetings of the Board, at the discretion of the Board.
- (f) Term of Directors; Staggered Board – Except for the Initial Board, the Shareholder shall elect Directors to hold office for a term of three (3) years, except that any one or more Directors may be elected for a one (1) or two (2) year term if necessary and at the discretion of the Shareholder to provide staggered terms. At the first annual meeting of the Shareholder, up to two (2) of the Directors may be elected with a one (1) year or two (2) year term to give effect to a staggered Board. If directors are not elected at an annual meeting, the incumbent directors continue in office until their successors are elected.
- (g) Successive Terms - Any member of the Board may serve for successive terms as determined by the Shareholder in its discretion, except for any initial Director that is not a Private Director.
- (h) Vacancies – If a member of the Board ceases to be a director for any reason, the Shareholder will fill the vacancy created thereby as soon as reasonably possible.
- (i) Board Committees – The Board shall establish the following committees:
 - (i) Audit and Finance Committee to review financial results, which may comprise only directors of the Board;
 - (ii) Governance Committee to determine senior management compensation and the detailed procedures for Director compensation, which may comprise only directors of the Board; and
 - (iii) Nominating Committee to identify, evaluate and recommend candidates for the Board to the Shareholder, which may comprise only directors of the Board.
- (j) Role of Nominating Committee – After the initial Board is appointed, the Shareholder shall consider candidates nominated by the nominating committee of the Board (the “**Nominating Committee**”), but shall not be obliged to select such candidates. It is expected that the Nominating Committee will develop a process to identify and evaluate potential Board candidates in order to recommend a slate of qualified candidates to the Shareholder.
- (k) Compensation
 - (i) Directors – The directors shall receive such remuneration for their service as directors as determined from time to time by the Shareholder, provided that each member of the Board shall be entitled to incur reasonable expenses for travel and/or training in respect of the director’s role on the Board, in accordance with policies established by the Board from time to

time and approved by the Shareholder. Initially, the director compensation policy will be as set out in Schedule B.

9. Qualifications of Directors

The Board will be residents of Canada. In appointing directors to the Board, the Shareholder will give due regard to the qualifications of candidates, including experience or knowledge with respect to:

- (a) awareness of commercial and public policy issues related to NCCDIC including, among other areas, the telecommunications/broadband market;
- (b) relevant business expertise and industry knowledge in the telecom sector and other businesses which NCCDIC may pursue;
- (c) governance experience with private and public boards of directors involved in significant commercial corporations;
- (d) financial, legal, accounting, marketing and/or commercial experience;
- (e) knowledge and experience with risk management strategy, including financial literacy.

10. Conflict of Interest Policy

The directors and officers of NCCDIC will strictly abide by the requirements of the OBCA and NCCDIC in respect of conflicts of interest, including any requirements in respect of disclosure and abstention from voting. A detailed conflict of interest policy will be established by NCCDIC within six (6) months of the date hereof.

11. Direction by the Shareholder

- 11.1 Direction by the Shareholder – At its sole option and discretion, the Shareholder may direct NCCDIC to carry out certain actions in relation to its Business, subject to applicable Laws.
- 11.2 Notification of Shareholder Directions – Directions of the Shareholder shall require a resolution or bylaw of Council duly passed at a meeting of Council, and any such direction shall be delivered to the Board by written notice signed by the Shareholder Representative. The Shareholder Representative shall deliver a copy of each such written notification delivered to the Board contemporaneously with each notification.

12. Decisions of the Shareholder

- 12.1 Advance Notice – No required approval or decision of the Shareholder will be given unless NCCDIC has given reasonable advance notice in writing of the need for approval and has provided such information as is reasonably necessary for the Shareholder to make an informed decision regarding the subject matter requiring approval.

- 12.2 Shareholder Representative – The Shareholder hereby designates the CAO as the legal representative of the Shareholder (the “**Shareholder Representative**”) for purposes of communicating to the Board pursuant to Section 12.3, any consent or approval required by this Shareholder Declaration or by the OBCA. NCCDIC shall be entitled to rely on any communication received by the CAO.
- 12.3 Notification of Shareholder Approval – Approvals or decisions of the Shareholder required pursuant to this Shareholder Declaration or the OBCA shall require a resolution or bylaw of Council duly passed at a meeting of Council, and any such decision shall be delivered to the Board by written notice signed by the Shareholder Representative.

13. Matters Requiring Shareholder Approval

The Shareholder hereby directs NCCDIC at all times to seek the approval of the Shareholder in respect of each of the following matters prior to NCCDIC undertaking or causing to be undertaken any of the following matters:

- (a) in any one financial year, entry into one or more transactions to acquire or be acquired, whether by way of purchase or otherwise, of, or merger or amalgamation with, any one or more Persons, which transactions have a transaction value of greater than 25% of the Book Value individually, or in the aggregate;
- (b) entry into any joint venture, partnership, strategic alliance or other venture, which would require an investment, or which would have a financial impact greater than 25% of the Book Value;
- (c) in any financial year, enter into one or more transactions which individually or in the aggregate, except as provided in the Business Plan, result in the disposition, lease or sale of any part of the business of NCCDIC equal to or greater than 25% of its Book Value;
- (d) entry into formal or informal discussions or preparation or execution of any letter, memorandum of understanding or other binding or non-binding document with any Person in relation to any transaction described in paragraph (a), (b) or (c) of this Section 13;
- (e) changing or removing any restriction on the business of NCCDIC;
- (f) creating new classes of shares of NCCDIC;
- (g) enter into one or more amalgamations of NCCDIC with any other corporation(s);
- (h) the institution of proceedings for any winding up, arrangement or dissolution of NCCDIC;
- (i) appointment of auditors of NCCDIC;

- (j) an application to continue NCCDIC as a corporation under the laws of another jurisdiction;
- (k) issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class of NCCDIC;
- (l) redeem or purchase any outstanding shares of NCCDIC;
- (m) any change in the dividend policy of NCCDIC;
- (n) engaging in any business activity other than as expressly permitted under Section 5;
- (o) salary, benefits and other compensation of members of the Board;
- (p) election, replacement, composition and number of members of the Board;
- (q) directors and officers insurance arrangements for NCCDIC;
- (r) provide any financial assistance, whether by loan, guarantee or otherwise, to any director or officer of NCCDIC;
- (s) establish a new Subsidiary; and
- (t) enter into any agreement, commitment or investment that creates any Lien or recourse in favour of any third party to the assets of NCCDIC.

For purposes of this Section 13, the Book Value of all assets of NCCDIC shall be the values reported in the audited Financial Statements of NCCDIC as at the end of its most recently completed Fiscal Year. For the purpose of paragraph (r) of this Section 13, the term "financial assistance" does not include remuneration paid in the normal course of business to directors, officers or employees, including honoraria, wages, salaries or bonuses, or any reimbursement for expenses arising from such persons' duties.

14. Audit

NCCDIC's Financial Statements will be audited annually. The first Auditor of NCCDIC is [NTD – INSERT NAME THE AUDITOR].

15. Accounting

NCCDIC will, in consultation with the Auditor, adopt and use the accounting policies and procedures which may be approved by the Board from time to time and all such policies and procedures will be in accordance with generally accepted accounting principles and applicable regulatory requirements.

16. Annual Financial Statements

The Board will cause the Auditor to deliver, as soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year, the audited Financial Statements of NCCDIC for consideration by the Shareholder.

17. Annual meeting

- (a) Within six (6) months after the end of each Fiscal Year, the Board shall report to the Shareholder at a public meeting of Council and provide such information concerning NCCDIC as the Board considers appropriate.
- (b) The Shareholder shall annually, consider candidates for the Board as proposed by the Nominating Committee and elect the members of the Board, appoint the auditor (the “**Auditor**”) of NCCDIC, receive the audited Financial Statements of NCCDIC for the last completed Fiscal Year and complete such other business as would normally be completed at an annual meeting of shareholders under the OBCA.

18. Reporting

18.1 Business Plan

Not later than sixty (60) days prior to the end of each Fiscal Year, the Board will approve and submit to the Shareholder on a strictly private and confidential basis in camera and in accordance with applicable law, a business plan for NCCDIC for the next five Fiscal Years (the “**Business Plan**”). The Business Plan will be prepared on a consistent basis with the Business Plan then in effect. NCCDIC will carry on its business and operations in accordance with the Business Plan which will include, in respect of the period covered by such plan:

- (a) the strategic direction and any new business initiatives which NCCDIC will undertake;
- (b) an operating and capital expenditure budget for the next Fiscal Year and an operating and capital expenditure projection for each Fiscal Year thereafter, including the resources necessary to implement the draft business plan;
- (c) the projected annual revenues and profits for each Fiscal Year of the Business Plan for NCCDIC;
- (d) pro forma consolidated and unconsolidated financial statements, including projected dividend payments to the Shareholder;
- (e) an acquisition budget setting forth the nature and type of capital expenditures proposed to be made in the following Fiscal Year, supported by explanations, notes and information upon which the budget was based;

- (f) any material variances in the projected ability of any business activity to meet or continue to meet the financial objectives of the Shareholder; and
- (g) any material variances from the Business Plan then in effect.

18.2 Quarterly Reports

Within 60 days after the end of each fiscal quarter, the Board will prepare (on a consistent basis with the previous fiscal quarter) and submit in writing to the treasury department of the Shareholder a quarterly report on a strictly confidential basis. The quarterly report will include, in respect of the immediately preceding fiscal quarter:

- (a) quarterly unaudited consolidated and unconsolidated Financial Statements;
- (b) such explanations, notes and information as is required to explain and account for any variances between the actual results from operations and the budgeted amounts set forth in the current Business Plan, including any material variances in the projected ability of any business activity to meet or continue to meet the financial objectives of the Shareholder;
- (c) information that is likely to materially affect the Shareholder's financial objectives;
- (d) information that is likely to materially affect customers' perceptions or opinions regarding NCCDIC;
- (e) information regarding any matter, occurrence or other event which is a material breach or violation of any law; and
- (f) any such additional information as the Shareholder may specify from time to time.

18.3 Access to Records

The duly appointed Shareholder Representative shall have unrestricted access to the books and records of NCCDIC during normal business hours. The Shareholder Representative shall treat all information of NCCDIC with the same level of care and confidentiality as any confidential information of the Shareholder and in compliance with applicable Laws, having regard to the commercially sensitive and highly competitive nature of the Business.

18.4 Reporting on Major Developments

In addition to the annual meeting described in Section 17, the Board shall report to the Shareholder Representative on major business developments or materially adverse results as the Board, in its discretion, considers appropriate and such reports received may be considered by the Shareholder Representative in a forum determined to be appropriate by the Shareholder Representative giving consideration to the Board's recommendation and the nature of the commercially sensitive and highly competitive nature of the Business.

18.5 Confidentiality

Except as required by applicable Laws or any Governmental Authority and except for the annual report to Council pursuant to Section 17, the Shareholder shall treat as confidential each Business Plan and all other information provided to it in confidence pursuant to this Section 18, subject to the *Municipal Act* and other applicable Laws.

19. Revisions to this Shareholder Declaration

The Shareholder and NCCDIC acknowledge that this Shareholder Declaration may be revised from time to time as circumstances may require and that the Shareholder will consult with the Board prior to completing any revisions and will promptly provide NCCDIC with a copy of such revisions.

20. Notices

Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered to or from the Shareholder or NCCDIC shall be in writing and shall be sufficiently given or sent or delivered if it is:

- (a) delivered personally,
- (b) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or
- (c) sent by email.

Notices shall be sent to the following addresses or email addresses:

- (i) in the case of the Shareholder,

The Corporation of the County of Northumberland

Address

Attention: Chief Administrative Officer

Email:
- (ii) in the case of NCCDIC,

Address
Attention: Chief Executive Officer

Email:

or to such other address or telecopier number as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in

accordance with this Section 20, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

- (d) if delivered personally as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
- (e) if sent by registered mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service; and
 - (i) if sent by telecopy machine, be deemed to have been given, sent, delivered and received on the date the sender receives the telecopy answer back confirming receipt by the recipient.

DATED at Northumberland, Ontario this ● day of ●, 2022.

**THE CORPORATION OF THE
MUNICIPALITY OF NORTHUMBERLAND**

By: _____
Name:
Title:

By: _____
Name:
Title:

**NORTHUMBERLAND COUNTY
COMMUNITY DEVELOPMENT
INITIATIVES CORPORATION**

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE “A”

NCCDIC INC. **DIVIDEND POLICY**

The dividend policy of NCCDIC is predicated on the mandate of the Board which includes maximizing value to the Shareholder. Such value is generally realized by the Shareholder through dividends or the appreciation of Shareholder investment. The Board shall declare and pay dividends from available earnings and cash flow, as follows:

1. Conditions Precedent to the Payment of Dividends

Dividends will be paid to the extent that such payment would not otherwise cause:

- (a) noncompliance with relevant statutes and regulations;
- (b) a breach of contract or the immediate or anticipated failure to otherwise meet the terms of financing arrangements;
- (c) an impairment in the operations and maintenance of the assets of the Corporation;
- (d) an impairment in financial prudence including capital investment in infrastructure;
- (e) a deterioration in the credit rating of NCCDIC, as applicable;
- (f) an impairment in the maintenance and growth of businesses, consistent with the Business Plan.

2. Payment of Dividends

Dividends will be paid quarterly and paid March 1st (or shortly following the approval of the annual audited financial statements of the preceding year), June 1st, September 1st and December 1st. The first dividend of the Fiscal Year, targeted for payment on March 1st, will also include any adjustment to bring the total annual dividend for the preceding year to the full Dividend Amount in the event that the previous annual dividend declared and paid was less than \$*. All of the foregoing will be subject to the Conditions Precedent.

3. Reporting to Shareholder

In the event that the Board does not approve a payment of a Regular Dividend, the Board will promptly report the circumstances underlying the non-payment to the Shareholder and, thereafter, provide progress reports to the Shareholder and, as applicable to NCCDIC on a quarterly basis until such time as the payment of Regular Dividends resumes.

4. Amendment to Dividend Policy

The Shareholder may amend this dividend policy if business circumstances change to warrant such change, all in the sole discretion of the Shareholder.

SCHEDULE “B”
DIRECTOR COMPENSATION POLICY

1. COMPENSATION PRINCIPLES

- (a) **Goals.** NCCDIC offers remuneration to directors in order to:
- (i) attract and retain skilled, productive Board members with core governance competencies;
 - (ii) ensure external market competitiveness and equity;
 - (iii) recognize the additional responsibilities undertaken by the Chair; and
 - (iv) be fiscally responsible and consistent with corporate governance best practices.
- (b) **Review.** The Board shall ensure that the compensation of Elected Directors is reviewed every five years by an independent consultant, using the principles set out in this section, to ensure compensation practices remain current and in-line with market practices.

2. COMPENSATION

- (a) **Components.** Compensation of directors may consist of an annual retainer or a per diem for each meeting attended, or a combination of the foregoing.
- (b) **Maximum Compensation.** The compensation paid to a Director is expected to comprise a base annual retainer of approximately \$*. The aggregate compensation paid to a Director, whether as a per diem for meetings attended or as annual retainer or combination of the foregoing, shall not exceed \$*except in the case of the Chair. The aggregate compensation which may be paid to the Chair will not exceed \$*.
- (c) **Procedures.** The Governance Committee will be charged with determining the specific details and procedures of Director compensation, subject to the requirements of this policy.

3. NO COMPENSATION FOR INITIAL BOARD

- (a) **Initial Board.** The Initial Board, defined in section 8 (b), shall receive no director compensation, but these directors shall be entitled to be reimbursed for their reasonable expenses incurred as a result of serving as a director of NCCDIC and its subsidiaries.