

BY-LAW NO. 1

A by-law relating generally to the conduct of the affairs of The Naval Association of Canada / L'Association Navale du Canada,

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BE IT ENACTED as a by-law of the Naval Association of Canada / L'Association Navale du Canada as follows:

SECTION 1 - GENERAL

1.01 Definitions

In this by-law and all other by-laws of the Naval Association of Canada / L'Association Navale du Canada, unless the context otherwise requires:

- a. "Act" means 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;
- b. "articles" means the original or restated articles of incorporation or articles of amendment, amalgamation, continuance, reorganization, arrangement or revival of the Naval Association of Canada;
- c. "Branch" means an incorporated or unincorporated association of individuals who subscribe to the values and objectives of the NAC and who wish to contribute actively to one or more of the purposes of the NAC as detailed in the Articles of Continuation and which has been accepted as a Branch of the NAC by the membership of the NAC;

d. "board" means the board of directors of the Naval Association of Canada and "director" means a member of the board;

e. "by-law" means this by-law and any other by-laws of the Naval Association of Canada as amended and which are, from time to time, in force and effect;

f. "meeting of members" includes an annual meeting of members or a special meeting of members; "special meeting of members" includes a meeting of any class or classes of members and a special meeting of all members entitled to vote at an annual meeting of members;

g. "ordinary resolution" means a resolution passed by a majority of not less than 50% plus 1 of the votes cast on that resolution;

h. "proposal" means a proposal submitted by a member of the Naval Association of Canada that meets the requirements of section 163 (Shareholder Proposals) of the Act;

i. "Regulations" means the regulations made under the Act, as amended, restated or in effect from time to time; and

j. "special resolution" means a resolution passed by a majority of not less than two-thirds (2/3) of the votes cast on that resolution.

m. "officer" means an individual appointed as a national officer under section 142 of the Canada Not-for-profit Corporations Act, the chairperson of the board of directors, the President of the Naval Association of Canada, a vice-president of the Naval Association of Canada, the secretary, the treasurer, the comptroller, the general counsel, the executive director of the Naval Association of Canada, or any other individual who performs functions for the Naval Association of Canada similar to those normally performed by an individual occupying any of those offices.

1.02 Interpretation

In the interpretation of this by-law, words in the singular include the plural and vice-versa, words in one gender include all genders, and "person" includes an individual, body corporate, partnership, trust and unincorporated organization.

Other than as specified in 1.01 above, words and expressions defined in the Act have the same meanings when used in these by-laws.

1.03 The Naval Association of Canada Seal

The Naval Association of Canada may have a seal in the form approved from time to time by the board. If a seal is approved by the board, the secretary of the Naval Association of Canada shall be the custodian of the seal.

1.04 Execution of Documents

Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by the Naval Association of Canada may be signed by any two (2) of its officers or directors who are authorized by the board to do so. In addition, the board may from time to time direct the manner in which and the person or persons by whom a particular document or type of document shall be executed. Any person authorized to sign any document may affix the corporate seal (if any) to the document. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the Naval Association of Canada to be a true copy thereof.

1.05 Financial Year End

The financial year end of the Naval Association of Canada shall be determined by the board of directors.

1.06 Banking Arrangements

The banking business of the Naval Association of Canada shall be transacted at such bank, trust company or other firm or corporation 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 Naval Association of Canada and/or other persons as the board of directors may by resolution from time to time designate, direct or authorize.

1.07 Borrowing Powers

The directors of the Naval Association of Canada may, without authorization of the members,

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

1.08 Investment Powers

Upon the approval of the Board of Directors, reserve funds may be invested through a reputable full-service brokerage firm. Funds held in the account will be invested in cash, high-quality fixed-income securities and equities, selected to provide growth and a reasonable level of return while keeping risk to a low-moderate level. Signing authorities shall normally be the same as for the bank account(s).

1.09 Annual Financial Statements

The Naval Association of Canada 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 Naval Association of Canada and any member may, on request, obtain a copy free of charge at the registered office, by prepaid mail or by electronic mail.

SECTION 2 - MEMBERSHIP - MATTERS REQUIRING SPECIAL RESOLUTION

2.01 Membership Conditions

Subject to the articles, there shall be one class of members in the Naval Association of Canada. Membership in the Naval Association of Canada shall be available to persons interested in furthering the Naval Association of Canada's purposes and who have applied for and been accepted into membership in the Naval Association of Canada by resolution of the board or in such other manner as may be determined by the board. Each member shall be entitled to receive notice of, attend and vote at all meetings of the members of the Naval Association of Canada.

Pursuant to subsection 197(1) (Fundamental Change) of the Act, a special resolution of the members is required to make any amendments to this section of the by-laws if those amendments affect membership rights and/or conditions described in paragraphs 197(1) (e), (h), (l) or (m).

2.02 Notice of Meeting of Members

Notice of the time and place of a meeting of members shall be given to each member entitled to vote at the meeting by the following means:

- a. by mail, courier or personal delivery to each member entitled to vote at the meeting, during a period of 21 to 60 days before the day on which the meeting is to be held; or
- b. by telephonic, electronic or other communication facility to each member entitled to vote at the meeting, during a period of 21 to 35 days before the day on which the meeting is to be held.

Pursuant to subsection 197(1) (Fundamental Change) of the Act, a special resolution of the members is required to make any amendment to the by-laws of the Naval Association of Canada to change the manner of giving notice to members entitled to vote at a meeting of members.

2.03 Absentee Voting at Members' Meetings

Pursuant to Section 171(1) of the Act, a member entitled to vote at a meeting of members may vote by proxy by appointing in writing a proxy holder, and one or more alternate proxy holders,

who are required to be members, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by it subject to the requirements of the Act.

SECTION 3 - MEMBERSHIP DUES, TERMINATION AND DISCIPLINE

3.01 Membership Dues

Members shall be notified in writing through their branch of the membership dues at any time payable by them and, if any are not paid within six (6) calendar months of the membership renewal date, the members in default shall automatically cease to be members of the Naval Association of Canada.

3.02 Termination of Membership

A membership in the Naval Association of Canada is terminated when:

- a. the member dies;
- b. a member fails to maintain any qualifications for membership described in Section 2.01 of these by-laws;
- c. the member resigns by delivering a written resignation to the chair of the board of the Branch that is responsible for advising him of his dues obligations to the Naval Association of Canada in accordance with 3.01, in which case such resignation shall be effective on the date specified in the resignation;
- d. the member is expelled in accordance with Section 3.03 below or is otherwise terminated in accordance with the articles or by-laws;
- e. the member's term of membership expires; or
- f. the Naval Association of Canada is liquidated or dissolved under the Act.

Subject to the articles, upon any termination of membership, the rights of the member, including any rights in the property of the Naval Association of Canada, automatically cease to exist.

3.03 Discipline of Members

The board shall have authority to suspend or expel any member from the Naval Association of Canada for any one or more of the following grounds:

- a. violating any provision of the articles, by-laws, or written policies of the Naval Association of Canada;
- b. carrying out any conduct which may be detrimental to the Naval Association of Canada as determined by the board in its sole discretion;
- c. for any other reason that the board in its sole and absolute discretion considers to be reasonable, having regard to the purpose of the Naval Association of Canada.

In the event that the board determines that a member should be expelled or suspended from membership in the Naval Association of Canada, the president, or such other officer as may be designated by the board, shall provide twenty (20) day's notice of suspension or expulsion to the member and shall provide reasons for the proposed suspension or expulsion. The member may make written submissions to the president, or such other officer as may be designated by the board, in response to the notice received within such twenty (20) day period. In the event that no written submissions are received by the president, the president, or such other officer as may be designated by the board, may proceed to notify the member that the member is suspended or expelled from membership in the Naval Association of Canada. If written submissions are received in accordance with this section, the board will consider such submissions in arriving at a final decision and shall notify the member concerning such final decision within a further twenty (20) days from the date of receipt of the submissions. The board's decision shall be final and binding on the member, without any further right of appeal.

SECTION 4 - MEETINGS OF MEMBERS

4.01 Persons Entitled to be Present

The only persons entitled to be present at a meeting of members shall be those entitled to vote at the meeting, the directors and the public accountant of the Naval Association of Canada and such other persons who are entitled or required under any provision of the Act, articles or by-laws of the Naval Association of Canada to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or by resolution of the members.

4.02 Chair of the Meeting

In the event that the chair of the board and the vice-chair of the board are absent, the members who are present and entitled to vote at the meeting shall choose one of their number to chair the meeting.

4.03 Quorum

A quorum at any meeting of the members (unless a greater number of members are required to be present by the Act) shall be 5% (five percent) of the members entitled to vote at the meeting. If a quorum is present, in person or by proxy, at the opening of a meeting of members, the members present may proceed with the business of the meeting even if a quorum is not present throughout the meeting.

4.04 Votes to Govern

At any meeting of members every question shall, unless otherwise provided by the articles or by-laws or by the Act, be determined by a majority of the votes cast on the question. In case of an equality of votes either on a show of hands or on a ballot or on the results of electronic voting, the chair of the meeting in addition to an original vote shall have a second or casting vote.

SECTION 5 - DIRECTORS

5.01 Election and Term

Subject to the articles, the members will elect the directors at the first meeting of members and at each succeeding annual meeting at which an election of directors is required. The directors shall be elected to hold office for a term normally expiring not later than the close of the third annual meeting of members following the election. Directors may also be re-elected for a second term of three years. After serving the maximum of six years, a director is eligible for re-election providing they have been absent from the board for one year. Replacement of a director who leaves the board before their term is completed is for the remainder of the original term of the departed director, however replacement is not required if a quorum exists.

5.02 Nomination of Directors - Procedure

Prior to each AGM, the board shall ensure a timely call for nominations from the members is made, and shall prepare a list of candidates to recommend to the members for election as directors. The board shall form a nominating committee consisting of not less than 2 directors from different geographical areas, one of which shall serve as chair. The executive director will assist the committee in an ex officio capacity. The nominating committee shall be formed in sufficient time to consider all nominations and forward a recommended list to the board not less than 8 weeks prior to the AGM. The list shall take into consideration any directors who were previously elected for terms exceeding the year of the AGM and who will therefore not require election to serve on the new board.

No nominations for director will be accepted after the cut-off date established by the board, including nominations from the floor of the AGM. A candidate on the list shall be elected as director if he/she receives more votes for his/her candidacy than against his/her candidacy at the AGM.

5.03 Indemnification

The Naval Association of Canada may indemnify a present or former director or officer of the Naval Association of Canada, or other individual who acts or acted at the Naval Association of Canada's request as a director or an officer or in a similar capacity of another entity, against all costs, charges and

expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by the individual in respect of any civil, criminal, administrative investigative or other proceeding in which the individual is involved because of that association with the Naval Association of Canada or other entity.

5.04 Limitation

The Naval Association of Canada may not indemnify an individual under subsection (1) unless the individual;

(a) acted honestly and in good faith with a view to the best interests of the Naval Association of Canada or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Naval Association of Canada's request; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that their conduct was lawful.

5.05 Insurance

The Naval Association of Canada will purchase insurance for the benefit of an individual referred to in 5.02 against any liability incurred by the individual

a. in the individual's capacity as a director or an officer of the Naval Association of Canada; or

b. in the individual's capacity as a director or an officer, or in a similar capacity, of another entity, if the individual acts or acted in that capacity at the Naval Association of Canada's request.

SECTION 6 - MEETINGS OF DIRECTORS

6.01 Calling of Meetings

Meetings of the board may be called by the chair of the board, the vice-chair of the board or any two (2) directors at any time; provided that, for the first organization meeting following incorporation, such meeting may be called by any director or incorporator. A majority of the directors in office shall form a quorum for the transaction of business.

6.02 Notice of Meeting

Notice of the time and place for the holding of a meeting of the board shall be given in the manner provided in Section 8.01 of this by-law to every director of the Naval Association of Canada not less than 7 days before the time when the meeting is to be held. Notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting. Notice of an adjourned meeting is not required if the time and place of the adjourned meeting is announced at the original meeting. Unless the by-law otherwise provides, no notice of meeting need specify the purpose or the business to be transacted at the meeting except that a notice of meeting of directors shall specify any matter referred to in subsection 138(2) (Limits on authority) of the Act that is to be dealt with at the meeting.

6.03 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except if subsection 136(3) (Notice of Meeting) of the Act requires the purpose thereof or the business to be transacted to be specified in the notice.

6.04 Votes to Govern

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chair of the meeting in addition to an original vote shall have a second or casting vote.

6.05 Committees

The board may from time to time appoint any committee or other advisory body, as it deems necessary or appropriate for such purposes and, subject to the Act, with such powers as the board shall see fit. Any such committee may formulate its own rules of procedure, subject to such regulations or directions as the board may from time to time make. Committee chairs, members and terms of reference shall be approved by the board. Any committee member may be removed by resolution of the board of directors.

SECTION 7 - OFFICERS

7.01 Description of Offices

Unless otherwise specified by the board which may, subject to the Act modify, restrict or supplement such duties and powers, the offices of the Naval Association of Canada, if designated and if officers are appointed, shall have the following duties and powers associated with their positions:

a. Chair of the Board - The chair of the board, if one is to be appointed, shall be a director. The chair of the board, if any, shall, when present, preside at all meetings of the board of directors and of the members. The chair shall have such other duties and powers as the board may specify. Normally, the president shall act as the chair of the board.

b. Vice-Chair of the Board - The vice-chair of the board, if one is to be appointed, shall be a director. If the chair of the board is absent or is unable or refuses to act, the vice-chair of the board, if any, shall, when present, preside at all meetings of the board of directors and of the members. The vice-chair of the board shall have such other duties and powers as the board may specify. Normally, the vice president shall act as the vice-chair of the board

c. President - If elected or appointed, the president shall be the chief executive officer of the Naval Association of Canada and shall be responsible for implementing the strategic plans and policies of the Naval Association of Canada. The president shall, subject to the authority of the board, have general supervision of the affairs of the Naval Association of Canada. Normally, the president shall act as the chair of the board.

d. Vice President - If appointed, the vice president shall have powers and duties as the board may specify. During the absence of the president, the vice president may also have the powers and duties of that office, if so assigned by the board.

e. Secretary - If appointed, the secretary shall attend and be the secretary of all meetings of the board, members and committees of the board. The secretary shall enter or cause to be entered in the Naval Association of Canada's minute book, minutes of all proceedings at such meetings; the secretary shall give, or cause to be given, as and when instructed, notices to members, directors, the public accountant and members of committees; the secretary shall be the custodian of all books, papers, records, documents and other instruments belonging to the Naval Association of Canada. This appointment shall normally be held by the executive director.

f. Treasurer - If appointed, the treasurer shall have such powers and duties as the board may specify.

g. Immediate Past President - The immediate past president shall maintain the corporate history of the Naval Association of Canada, and shall advise the officers and the board on the lessons learned from past practices, and shall have such powers and duties as the board may specify. The immediate past president shall ex officio have the right to attend, and to speak to, all meetings of the board, but shall have no rights as such to vote thereat.

h. Executive Director - The executive director is responsible to the president for the efficient administration of the day-to-day affairs of the Naval Association of Canada on behalf of the president and the board. The executive director is appointed by the board and serves at the pleasure of the board. The executive director shall ex officio have the right to attend, and to speak to, all meetings of the board, but shall have no rights to vote thereat

i. The powers and duties of all other officers of the Naval Association of Canada shall be such as the terms of their engagement call for or the board or president requires of them.

j. The board may, from time to time and subject to the Act, vary, add to or limit the powers and duties of any officer.

7.02 Vacancy in Office

In the absence of a written agreement to the contrary, the board may remove, whether for cause or without cause, any officer of the Naval Association of Canada. Unless so removed, an officer shall hold office until the earlier of:

- a. the officer's successor being appointed,
- b. the officer's resignation,
- c. such officer ceasing to be a director (if a necessary qualification of appointment) or
- d. such officer's death.

If the office of any officer of the Naval Association of Canada shall be or become vacant, the directors may, by resolution, appoint a person to fill such vacancy.

SECTION 8 - NOTICES

8.01 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served), other than notice of a meeting of members or a meeting of the board of directors, pursuant to the Act, the articles, the by-laws or otherwise to a member, director, officer or member of a committee of the board or to the public accountant shall be sufficiently given:

- a. if delivered personally to the person to whom it is to be given or if delivered to such person's address as shown in the records of the Naval Association of Canada or in the case of notice to a director to the latest address as shown in the last notice that was sent by the Naval Association of Canada in accordance with section 128 (Notice of directors) or 134 (Notice of change of directors); or
- b. if mailed to such person at such person's recorded address by prepaid ordinary or air mail; or
- c. if sent to such person by telephonic, electronic or other communication facility at such person's recorded address for that purpose; or

d. if provided in the form of an electronic document in accordance with Part 17 of the Act.

A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any member, director, officer, public accountant or member of a committee of the board in accordance with any information believed by the secretary to be reliable. The declaration by the secretary that notice has been given pursuant to this by-law shall be sufficient and conclusive evidence of the giving of such notice. The signature of any director or officer of the Naval Association of Canada to any notice or other document to be given by the Naval Association of Canada may be written, stamped, type-written or printed or partly written, stamped, type-written or printed.

8.02 Invalidity of any provisions of this by-law

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

8.03 Omissions and Errors

The accidental omission to give any notice to any member, director, officer, member of a committee of the board or public accountant, or the non-receipt of any notice by any such person where the Naval Association of Canada has provided notice in accordance with the by-laws or any error in any notice not affecting its substance shall not invalidate any action taken at any meeting to which the notice pertained or otherwise founded on such notice.

SECTION 9 - DISPUTE RESOLUTION

9.01 Mediation and Arbitration

Disputes or controversies among members, directors, officers, committee members, or volunteers of the Naval Association of

Canada are as much as possible to be resolved in accordance with mediation and/or arbitration as provided in Section 9.02 of this bylaw.

9.02 Dispute Resolution Mechanism

In the event that a dispute or controversy among members, directors, officers, committee members or volunteers of the Naval Association of Canada arising out of or related to the articles or by-laws, or out of any aspect of the operations of the Naval Association of Canada is not resolved in private meetings between the parties, then without prejudice to or in any other way derogating from the rights of the members, directors, officers, committee members, employees or volunteers of the Naval Association of Canada as set out in the articles, by-laws or the Act, and as an alternative to such person instituting a law suit or legal action, such dispute or controversy shall be settled by a process of dispute resolution as follows:

- a. The dispute or controversy shall first be submitted to a panel of mediators whereby the one party appoints one mediator, the other party (or if applicable the board of the Naval Association of Canada) appoints one mediator, and the two mediators so appointed jointly appoint a third mediator. The three mediators will then meet with the parties in question in an attempt to mediate a resolution between the parties.
- b. The number of mediators may be reduced from three to one or two upon agreement of the parties.
- c. If the parties are not successful in resolving the dispute through mediation, then the parties agree that the dispute shall be settled by arbitration before a single arbitrator, who shall not be any one of the mediators referred to above, in accordance with the provincial or territorial legislation governing domestic arbitrations in force in the province or territory where the registered office of the Naval Association of Canada is situated or as otherwise agreed upon by the parties to the dispute. The parties agree that all proceedings relating to arbitration shall be kept confidential and there shall be no disclosure of any kind. The decision of the arbitrator shall be final and binding and shall not be subject to appeal on a question of fact, law or mixed fact and law.
- d. All costs of the mediators appointed in accordance with this section shall be borne equally by the parties to the dispute or

the controversy. All costs of the arbitrators appointed in accordance with this section shall be borne by such parties as may be determined by the arbitrators.

SECTION 10 - EFFECTIVE DATE

10.01 Effective Date

Subject to matters requiring a special resolution, this by-law shall be effective when made by the board.

CERTIFIED to be By-Law No. 1 of the Naval Association of Canada, as enacted by the directors of the Naval Association of Canada by resolution on the 6th day of June, 2013 and confirmed by the members of the Naval Association of Canada by special resolution on the 8th day of June, 2013.

Dated as of the 24th day of February, 2014.

Kenneth Lait
