

## BY-LAWS

### SCHEDULE A

APPROVED – SPECIAL  
MEETING OF MEMBERS  
SEPT 29, 1999

REVISED – ANNUAL  
MEETING OF MEMBERS  
APRIL 13, 2017

REVISED-ANNUAL  
MEETING OF MEMBERS  
FEBRUARY 24, 2001

REVISED – ANNUAL  
MEETING OF MEMBERS  
APRIL 11, 2019

REVISED – ANNUAL  
MEETING OF MEMBERS  
MARCH 17, 2007

REVISED – ANNUAL  
MEETING OF MEMBERS  
JUNE 11, 2020

REVISED – ANNUAL  
MEETING OF MEMBERS  
MARCH 17, 2011

REVISED – ANNUAL  
MEETING OF MEMBERS  
April 27, 2023

REVISED – ANNUAL  
MEETING OF MEMBERS  
MARCH 18, 2014

**DRAFT – ANNUAL  
MEETING OF MEMBERS  
April 24, 2025**

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## Part One

### INTERPRETATION

#### 1.01 Definitions [Section 1]

(a) In the by-laws of the Cooperative, unless the context otherwise requires:

"Act" means The Cooperatives Act, and any statute that may be substituted for it, as amended from time to time and all applicable regulations;

"articles" has the meaning specified in the Act;

"board" means the board of directors of the Cooperative;

"by-laws" means these by-laws and all amendments, additions, deletions or replacements from time to time in force and effect;

"Cooperative" means Red River Cooperative Ltd.;

"entity" means a body corporate, a trust, a partnership, a fund, or an unincorporated organization;

"general reserve" means the surplus of the Cooperative that has been allocated to general reserves in accordance with by-law **9.01**;

"meeting of members" means an annual meeting of members or a special meeting of members;

"member" means a person with a membership interest in the Cooperative who has complied with by-law **6.01** and the articles;

"nominating committee" means the committee appointed by the board pursuant to by-law **4.05(a)**;

"ordinary resolution" has the same meaning as in the Act, but for clarity means a majority vote of persons present at a meeting who are entitled to vote;

"patronage return" means an amount that is allocated by the Cooperative to its members based on the business done with the Cooperative;

"person" means an individual or an entity and includes a legal representative;

"recorded address" means:

- (i) in the case of a member, the address (postal or electronic) of the member as recorded in the members' register; in the case of a director, officer, auditor or member of a committee of the board, the latest address (postal or electronic) of such persons as recorded in the records of the Cooperative; and
- (ii) in the case of joint members, the address appearing in the members' register in respect of the joint membership, the latest address (postal or electronic) of such persons as recorded in the records of the Cooperative;

"reserves" means the general reserve and special reserves;

"special reserve" means (i) any amount derived from the current or any previous financial year of the Cooperative (ii) that is credited, at the end of a financial year, by resolution in writing of the board, (iii) into a specified account of the Cooperative designated for special reserves, (iv) for use in any subsequent financial year;

"special resolution" ~~has the same meaning as in the Act, but for clarity~~ means at least a 2/3<sup>rd</sup>s vote of persons present at a meeting who are entitled to vote;

"surplus" means, for any financial year of the Cooperative, the amount that remains after deducting from revenue all operating expenses (~~see Section 1 of the Act for the technical definition~~); and

"trading area" means the geographic area within 100 km of any location in which the Cooperative carries on its business activities.

- (b) Words and expressions defined in the Act have the same meanings when used in these by-laws.
- (c) Words expressing the singular number include the plural and vice versa; words expressing gender include the masculine, feminine and neuter genders.
- (d) If these by-laws ~~and the Act~~ conflict or are inconsistent, with the Act or the articles, the Act shall be paramount, with the articles to then prevail, each to the extent of said conflict or inconsistency.

## Part Two

### BUSINESS OF THE COOPERATIVE

#### 2.01 Registered Office [Section 27]

(a) The registered office of the Cooperative is at the place in Manitoba specified in the articles.

~~(b) The Cooperative, by special resolution of its members, may change the location of its registered office to another place in Manitoba.~~

~~(e)~~(b) The board may change the address of the registered office within the place specified in the articles or a special resolution of the members.

#### 2.02 Corporate Seal [Section 31]

The corporate seal, if any, of the Cooperative is in the form determined by the board.

#### 2.03 Financial Year

The financial year end of the Cooperative shall be as fixed by the board.

#### 2.04 Signing Authority & Policies of the Board

The president, vice-president, and secretary of the Cooperative have signing authority. The board may by ordinary resolution designate another person(s) as having signing authority or the right to vote as a delegate on behalf of the Cooperative. The board must record any resolution under this section in the board's minutes. The board may adopt policies related to purchasing, borrowing, confidentiality, and execution of instruments and such other matters determined by the board from time to time that must be complied with at all times.

#### 2.05 Financing Arrangements

(a) The financial business of the Cooperative including, but not limited to, borrowing money and giving security for it, shall be transacted with credit unions, credit union centrals, banks, trust companies or other bodies corporate or organizations the board designates from time to time.

(b) The Cooperative will transact its financial business or any part of it under agreements, instructions and delegations of powers that the board specifies or authorizes from time to time.



## 2.06 Information Available to Members

Subject to Section 29 of the Act:

- (a) Members are entitled to view or copy information or documents respecting the Cooperative's business unless, in the opinion of the board, such information should be kept confidential.
- (b) The board may decide whether it will disclose or make available to inspection an account, record or document of the Cooperative. The board may decide the extent of the disclosure and the time, place, conditions or rules of disclosure.

## Part Three

### BORROWING

#### 3.01 Borrowing Power [Section 74]

- (a) Without limiting the borrowing powers of the Cooperative as specified in Section 74 of the Act, the board may from time to time:
- (i) borrow money upon the credit of the Cooperative;
  - (ii) issue, re-issue, sell or pledge debt obligations of the Cooperative; and
  - (iii) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Cooperative, owned or subsequently acquired, to secure any debt obligation of the Cooperative.
- (b) Nothing in this section limits or restricts the borrowing of money by the Cooperative on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Cooperative.

#### 3.02 Delegation of Borrowing Power [Section 202]

The board may delegate to one or more of the directors and officers of the Cooperative all or any of its borrowing powers to the extent and in the manner that the board determines is appropriate at the time of each delegation.

## Part Four

### DIRECTORS [Sections 177-217]

#### 4.01 Number of Directors [Section 178]

The board shall establish, by resolution, within the minimum and maximum number stated in the articles, the number of directors required to constitute a full board. Once the number of directors is set, the number must not be reduced to meet quorum.

#### 4.02 Quorum [Section 198(1)]

The quorum for the transaction of business at any meeting of the board is a majority of the number of directors.

#### 4.03 Personal Qualifications [Section 184]

No person shall be a director if that person:

- (a) is not an individual;
- (b) is less than 18 years of age;
- (c) is of unsound mind and has been so found by a court in Canada or elsewhere;
- (d) is bankrupt;
- ~~(e)~~ is, or is the spouse of, an employee of the Cooperative or an agency operator under contract with the Cooperative;
- ~~(e)(f)~~ has been convicted of a financial crime or a crime relating to a violation of trust;
- ~~(f)(g)~~ has an account with the Cooperative that is more than 90 days in arrears; or
- ~~(g)(h)~~ does not meet the annual purchase of the aggregate amount as per section 4.04

#### 4.04 Directors must be Members

A director must be a member of the Cooperative or a representative of an entity that is a member of the Cooperative who, on an annual basis, purchases goods or services from the Cooperative during the last financial year of the Cooperative worth the collective amount of at least \$750.00.

#### 4.05 Nominating Committee

- (a) ~~Before director elections are held~~ Annually, the board will appoint a nominating committee, composed of two or more directors whose terms of office do not expire at the next meeting of members, and other members of the Cooperative that the board, in its discretion, chooses to appoint.
- (b) Except as set out in these by-laws, the procedures of the nominating committee are those determined from time to time by the board, as recommended by the committee.

#### 4.06 Nomination of Director Candidates

- (a) Directors shall hold office for a term of three (3) years.
- (b) Retiring directors, if qualified, shall be eligible for re-election.
- (c) Where the term of office of a director is to expire at the next annual meeting of members, the nominating committee must invite members to submit nominations to replace a director whose term of office is to expire by:
  - (i) advertising the invitation on the Co-op's website at least 30 days before the end of the Cooperative's last financial year; and
  - (ii) posting the invitation in ~~each~~ retail place locations of business of the Cooperative, starting at least 30 consecutive days before the end of the Cooperative's last financial year, and continuing through until 30 days after the end of the Cooperative's last financial year.
- (d) Nominations for the position of director must be:
  - (i) made in such form as may be established from time to time by the nominating committee;
  - (ii) signed by at least ten (10) persons who, at the end of the Cooperative's last financial year before the election, were members in good standing of the Cooperative, including the residential address of each person;
  - (iii) signed by the nominee indicating the nominee's acceptance of the nomination and including the residential address of the nominee; and
  - (iv) submitted to the Cooperative's registered office, not later than the time specified in clause (e).
- (e) Nominations for the office of director must be received at the Cooperative's registered office not later than 4:30 pm C.S.T. on the 30<sup>th</sup> day after the end of the Cooperative's last financial year. All such nominations shall be delivered by the Cooperative to the nominating committee.
- (f) The secretary of the Cooperative shall ~~provide~~ ensure that the nominating committee with a list of members of the Cooperative as of the Cooperative's last financial year within 30 days after the end of the Cooperative's last financial year complete with the aggregate purchases in that fiscal year of that each member is made available to the nominating committee. That list shall conclusively determine the eligibility of those persons entitled to nominate a member as a director, and be eligible to be elected as a director, ~~and be eligible to vote in the election~~.
- (g) Where the nominating committee is satisfied that nominations are complete the nominating committee must forthwith provide each nominee with a list of the nominees. That list shall conclusively determine the nominees for the election.

- (h) A nominee may withdraw the nominee's nomination by Notice in writing to the nominating committee delivered or mailed so that is received at the Cooperative's registered office not later than the 5<sup>th</sup> day after the date of the delivery or mailing to the nominee of the list of nominees. Failure to comply with this timeframe does not preclude the nominee from retiring from the nomination at any time.
- (i) Where not more than the number of persons to be elected as a director are nominees, the nominating committee shall declare the nominees elected as the directors by acclamation to take effect at the next annual meeting of members.
- (j) Where more persons are candidates for election as a director than persons to be elected:
  - (i) the board shall appoint an election officer, being a member of management, and a returning, or elections, officer, being an independent party to conduct the election; and
  - (ii) at least 60 days prior to the annual meeting of members, the form of the advance ballot and the Voting Instructions and Procedures to accompany the advance ballot shall be determined by resolution of the board and communicated to the returning elections officer.

#### **4.07 Advance Ballot Procedure**

- (a) ~~Committee to appoint an elections officer and a scrutineer.~~ Where the returning returning officer is to conduct tabulate the votes of an election, the returning returning officer may appoint such deputy returning officers and other persons as the returning elections returning officer considers necessary to conduct the election.
- (b) The secretary of the Cooperative shall ensure that a list of members of the Cooperative as of the record date set in accordance with Section 10.04, complete with their most recent mailing address is made available to the nominating committee. That list shall conclusively determine the eligibility of those persons entitled to vote by advance ballot in the election.
- ~~(b)~~(c) At least 40 days prior to the annual meeting of members, the returning elections officer shall cause to be mailed to each person, shown on a list of individual members referred to at by-law 4.076(bf):
  - (i) An advance ballot, which may be used by the member in connection with the election;
  - (ii) A copy of the biographical resume and recent photograph of each candidate submitted with the candidate's nomination form identifying that the materials are published as submitted;

(iii) Voting Instructions and Procedures on the casting of the ballot which must provide the ballot may be cast by:

(1) Mailing or delivering the ballot to the returning officer, for as otherwise indicated on the ballot?, provided the ballot is received at the returning officer's registered office-designated location at least ten days prior to the annual meeting of members; or

(2) As applicable, an electronic process described in the Voting Instructions and Procedures, provided such ballot is cast in accordance with such Voting Instructions and Procedures.

~~(e)~~(d) The returning officer must ensure that all methods of advance balloting must preserve the anonymity of voters and the secrecy of the voter's vote, and that a replacement ballot is made available forthwith following the determination that a ballot has been lost or mailed to an incorrect address.

~~(d)~~(e) Each member casting an advance ballot shall vote for a number of nominees equal to the number of directors to be elected.

~~(e)~~(f) The returning officer must not accept an advance ballot unless it is received by the returning office in the manner, at the place, and within the time specified in the Voting Instructions and Procedures.

#### **4.08 Final Balloting and Counting of Ballots**

(a) The counting of all ballots cast by individual members shall be supervised by the returning officer in accordance with a procedure acceptable to the returning officer and approved by the nominating committee provided it is not inconsistent with these By-laws.

(b) Each candidate may designate a scrutineer, who must not be a candidate, to be present at the place where the ballots are counted or be provided a summary of the ballots collected through electronic means, as the case may be.

(c) The returning officer shall declare that the individual who receives the greatest number of votes in the balloting process is elected as a director and shall declare that the other individuals who receive, in descending order, the next greatest number of votes is also elected as a director, until the number of directors to be elected has been elected [Section 187(3)]. Only candidates may request a copy of the election results for all candidates.

(d) If two (2) or more individuals receive an equal number of votes for the last vacancy in the directors, the chair will call a run-off election at the meeting of the members, provided that if such a run-off election is inconclusive or impractical to hold, then the chair shall arrange for a vote by secret ballot by those directors of the Cooperative who have already been elected in the election and any director(s) whose term(s) of office do not end at or before the end of the meeting at which the election is held and such

vote shall determine which of those individuals is to be elected as a director to fill that last vacancy [Sections 187(4) and 187(5)].

- (e) If directors are to be elected for different terms of office, the candidate who receives the greatest number of votes in the election is elected for the longest term and the other candidates who receive, in descending order, the next greatest number of votes are elected to the longest remaining terms to be filled, until the number of directors to be elected have been elected [Section 187(6)].
- (f) If directors are to be elected for different terms, and two or more candidates receive an equal number of votes for the last position of a particular term, the chair will call a run-off election at the meeting, provided that if such a run-off election is inconclusive or impractical to hold, then the chair shall arrange for a vote by secret ballot by those directors of the Cooperative who have already been elected in the election and any director(s) whose term(s) of office do not end at or before the end of the meeting at which the election is held shall determine which of those individuals is to be elected for the longer term [Section 187(8)].
- (g) The proceedings in any election shall not be invalidated by reason of any omission or failure unless it can be shown that such omission or failure could have reversed materially altered the result of such election.

#### **4.09 Commencement of Office**

- (a) Each director elected as provided in this Part shall take office at the conclusion of the annual meeting of the members following the holding of the election and shall hold office until the close of the third annual meeting of members after the annual meeting of members after the director's election or until the director resigns, or the director's successor takes office.
- (b) A director appointed or elected to fill a vacancy holds office for the unexpired term of the predecessor in office.

#### **4.10 Removal of Directors**

- (a) The members, by ordinary resolution at a special meeting of members, may remove any director from office. The vacancy created by such removal may be filled by ordinary resolution of the members present at the same meeting or, if not filled, may be filled by the directors in accordance with the Act.
- (b) The directors, at a meeting of the directors called for that purpose, may remove-suspend any director from office, with or without compensation. Notice of the meeting must be given at least seven (7) days in advance of the meeting, and the text of the proposed motion to remove the director must be supplied in the notice. The director whose removal is in question is permitted to attend the meeting and may speak to the motion, but may not vote on the motion. At the request of any director, the motion may be voted upon by secret ballot, ~~and the~~ The motion will carry by majority vote, but will be subject to ratification by the members at the next annual general meeting or a special

meeting called for the purpose, and in either event the provisions of Subsection (a) will apply. Should the suspension be overturned by the members, the director will be reinstated retroactively and any suspended compensation paid forthwith. ~~may only be carried by unanimous consent of all directors entitled to vote on the motion.~~ The reinstated director shall have an opportunity by no later than the next quarterly board meeting, to review all materials for each meeting the director could not attend due to the suspension, and shall be given the opportunity to declare their vote on any motion presented to the board as part of any such meeting.

#### **4.11 Ceasing to Hold Office**

A director ceases to hold office when the director:

- (a) dies or resigns;
- (b) ceases to be a member by withdrawal or termination of membership;
- (c) is removed from office by the members at a special meeting under by-law **4.10(a)** **or (b)**;
- (d) becomes disqualified from being a director by failing to meet the criteria set out in by-law **4.03**; **or**
- ~~(e) is removed from office by the directors at a meeting under by-law **4.10(b)**; or~~
- ~~(f)~~(e) is absent from 3 consecutive regular meetings of the board, unless in the opinion of the other directors one or more of the absences were justified.

#### **4.12 Vacancies**

Subject to Section 194 of the Act,

- (a) If the board can meet quorum and a vacancy on the board arises, the directors may either fill the vacancy by ordinary resolution or continue to run the board without filling the vacancy. This subsection does not apply if the vacancy resulted from either the board's decision to increase the number of directors under by-law **4.01** or from a failure of the members to elect the required number of directors; or
- (b) If the board cannot meet quorum, or if the vacancy resulted from a failure of the members to elect the required number of directors, the board must call a special meeting of members to fill the vacancy. If the board fails to call the special meeting or if there are no directors, any member may call the special meeting.

#### **4.13 Exercise of Authority**

Resolutions:

- (a) The board or a committee of the board may exercise the powers of the Cooperative, including the borrowing of money, and the provision of security for such borrowing, by passing ordinary resolutions (majority vote) at their meeting. In the event of a tie, the ordinary resolution fails.
- (b) An ordinary or special resolution of the board must be recorded in the minutes of the Cooperative and must be in writing, by way of:



- (i) ordinary resolution passed at a board meeting at which a quorum is present;
  - (ii) where these by-laws or the Act require a special resolution of the board, by a special resolution passed at a board meeting at which quorum is present; or
  - (iii) written resolution, signed by all the directors entitled to vote on that resolution at a board meeting.
- (c) A resolution in writing of the board may be ~~passed communicated by a majority of the directors voting~~ by mail, telephonic, electronic or other communication facility. Any resolution so passed shall be recorded in the minutes of the next board meeting.

#### **4.14 Electronic Attendance [Section 201]**

A director may attend a board meeting by telephone, electronic or other communication facility if the facility permits all persons participating in the meeting to communicate adequately with each other during the meeting, and a director participating in a meeting by these means is deemed to be present at the meeting.

#### **4.15 Time and Place of Meetings**

Board meetings must be held in Canada at a time and place of the board's choosing.

#### **4.16 Notice of Meeting**

Notice of the time, place and purpose of each board meeting must be given to each director not less than five (5) days before the meeting. A director may waive the five-day notice period. This by-law is subject to Section 200 of the Act.

#### **4.17 Regular Meetings**

The board may set a day, time and place for regular meetings of the board. A notice to that effect must be given to each director. Subject to the Act, no other notice is required. If a quorum of directors is present, each newly elected board, without notice, may hold its first meeting immediately after the meeting of members at which the board is elected.

#### **4.18 Chair**

The chairperson of any meeting of the board is the president or failing him or her, the vice-president. Another director may be appointed chairperson by a majority of the directors of the meeting.

#### **4.19 Conflict of Interest & Remuneration**

A director or officer who has a conflict of interest as described in Section 207 of the Act must declare any current or potential conflict of interest in accordance with that section. The following rules apply:

- (a) All officers, directors or committee members must carry out their duties honestly, in good faith and in the best interest of the Cooperative rather than in their own best interest.

(b) A conflict of interest is when a director, or someone with whom the director is related or affiliated, benefits materially in any way from a decision of the Cooperative. someone benefits personally in any way from a decision of the Cooperative or has an interest in a contract that the Cooperative may enter into.

(c) When a director has or may have a conflict of interest:

- The director should declare the conflict of interest at the board meeting considering the matter.
- If a director does not declare a conflict of interest, but another director is aware of one, the other director can bring it up at a meeting.
- The board then decides whether there is a conflict of interest.
- If there is a conflict of interest, the director cannot vote on the matter and must not be present while the matter is discussed unless there is unanimous approval from all other directors present to permit the director to remain in attendance.

~~(d)(a) The directors shall be paid remuneration for their services at the rates the members determine from time to time by ordinary resolution at a meeting of members. They may also be paid for travel or other expenses while doing business for the Cooperative. The board must authorize these expenses. Directors and officers cannot receive compensation for lost income while doing business for the Cooperative.~~

#### **4.20 Remuneration**

The directors shall be paid remuneration for their services at the rates the members determine from time to time by ordinary resolution at a meeting of members. They may also be paid for travel or other expenses while doing business for the Cooperative. The board must authorize these expenses. Directors and officers cannot receive compensation for lost income while doing business for the Cooperative.

### **Part Five**

## **COMMITTEES AND OFFICERS**

### **5.01 Committees of Directors**

The board may appoint committees of directors ~~\_(minimum of three (3) directors per committee)~~ whose members hold office at the will of the board. The board must determine the functions and duties of each committee. However, the committee may set out its own procedure in accordance with the Act.

## 5.02 Quorum and Procedure [Section 198]

Unless the board determines otherwise, each committee has the power to fix its quorum at not less than a majority of the committee members, to elect its chair, and to regulate its procedure.

## 5.03 Committees' Transaction of Business [Section 204]

- (a) A committee of the board may exercise its powers by:
  - (i) ordinary resolution passed at a committee meeting at which a quorum is present;
  - (ii) where these by-laws or the Act require a special resolution of a committee of the board, by a special resolution passed at a committee meeting at which a quorum is present; or
  - (iii) written resolution signed by all the committee members entitled to vote on that resolution at a committee meeting.
- (b) A written resolution of a committee of the board:
  - (i) is valid as either an ordinary resolution or a special resolution;
  - (ii) is effective from the date specified in the written resolution, but that date shall not be before the day on which the first committee member to sign the resolution signed it; and
  - (iii) must be kept with the minutes of the proceedings of the committee.
- (c) Where there is an equality of votes in an ordinary resolution at a board committee meeting, the motion is lost; the chair of the meeting is not entitled to a second or casting vote.
- (d) If there is a vacancy on a committee, the remaining committee members may exercise all the powers of the committee as long as a quorum of the committee remains in ~~office~~effect.

~~(d)~~(e) A resolution in writing of the committee may be passed by a majority of the committee members voting by mail, telephonic, electronic or other communication facility. Any resolution so passed shall be recorded in the minutes of the next committee meeting.

## 5.04 Electronic Attendance

A committee member may attend a committee meeting by telephone, electronic or other communication facility if the facility permits all persons participating in the meeting to communicate adequately with each other during the meeting, and the manner in which the meeting is held allows for electronic voting. If a committee member attends a committee meeting by telephone, electronic or other communication facility, reasonable steps must be taken to ensure that: (a) the identity of each person who votes is verified, (b) each person who votes does so only in their own right or by valid proxy and (c) if a ballot is demanded, the vote

is conducted in a manner that allows votes to be individually counted. A committee member participating in a meeting by these means is deemed to be present at the meeting.

#### **5.054 Advisory Committee**

The board may appoint other committees, composed of directors and non-directors, as it deems advisable, but the functions of these other committees is only to advise the board.

#### **5.065 Officers**

The officers of the Cooperative include a president, vice-president, secretary and any other officers as determined by the board. The board may specify the duties, powers, term, and remuneration of the officers to manage the business and affairs of the Cooperative.

#### **5.076 Term of Office and Remuneration [Section 216]**

- (a) The board shall determine the term of office and the remuneration of any officer it appoints.
- (b) An officer appointed by the board holds office until the officer's successor is appointed, but the board, in its discretion, may remove any officer of the Cooperative without prejudice to that officer's rights under any employment contract.

#### **5.07 Agents and Attorneys**

The board may appoint agents or attorneys for the Cooperative in or outside Canada with powers of management or otherwise, including the power to sub- delegate, as the board determines appropriate.

## Part Six

### DUTY OF CARE AND PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

#### 6.01 Duty of Care of Directors and Officers

Directors and officers of the Cooperative must:

- (a) act honestly and in good faith with a view to the best interests of the Cooperative;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (c) not disclose confidential information about the affairs of the Cooperative, its members or employees, except as required by law.

#### 6.02 No Exculpation [Section 213(3)]

No provision in a contract, the articles, these by-laws, or a resolution of the board or the members relieves directors or officers from the duty to act in accordance with the Act and the regulations, or relieves them from liability for any non-compliance with the Act or the regulations.

#### 6.03 Indemnity

Subject to the Act, the Cooperative must indemnify directors and officers, former directors and officers, and persons who undertake or have undertaken any liability on behalf of the Cooperative, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by them in any proceeding to which they are made a party by reason of being or having been directors or officers of the Cooperative, if:

- (a) They acted honestly and in good faith with a view to the best interest of the Cooperative; and
- (b) In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, they had reasonable grounds for believing that their conduct was lawful.

#### 6.04 Right to Indemnity [Section 214(4)]

Notwithstanding anything in this section, the Cooperative shall indemnify an individual referred to in by-law **6.03** who has been substantially successful in the defense of any civil, criminal or administrative action or proceeding to which the individual is made a party because of being or having been a director or officer of the Cooperative, or of a body corporate of which the Cooperative is or was a member, shareholder or creditor, against all costs, charges and expenses reasonably incurred by the individual in respect of the action or proceeding.

**6.05 Derivative Actions and Cost Advances [Section 214(2) & (3)]**

The Cooperative may, in accordance with and as specified in the Act, advance moneys for costs or indemnify an individual referred to in by-law **6.03** in respect of an action to procure a judgment in favour of the Cooperative.

**6.06 Insurance [Section 214(5)]**

Subject to the Act, the Cooperative may purchase and maintain insurance for the benefit of any individual referred to in by-law **6.03** in amounts the board, from time to time, determines is appropriate.

**6.07 Dissent**

Directors are deemed to have consented to any resolution passed or action taken at a meeting of the board or a committee of the board unless they record their dissent within the time and in the manner provided by subsection 213 of the Act.

## Part Seven

### SHARES, MEMBERSHIPS AND TRANSFERS [Sections 92-163]

#### 7.01 Membership Qualifications

No person can become a member of the Cooperative unless that person:

- (a) if an individual, is at least 16 years of age;
- (b) has submitted a written application for membership that has been approved by the board or a person authorized by the board to approve membership applications; and
- (c) has purchased and paid for a minimum of 5 membership shares.

#### 7.02 Membership Share Certificate

The Cooperative is not required to issue formal certificates for membership shares. The Cooperative must, if requested by a member, provide a receipt for the purchase of membership shares.

#### 7.03 Transfer of Membership Shares or Memberships

No transfer of a membership or membership share is valid unless it is completed in accordance with Section 102 of the Act.

#### 7.04 Duty of Members

- (a) A member must faithfully support and promote the business and affairs of the Cooperative.
- (b) A member is bound by these by-laws and policies of the Cooperative, as amended from time to time, as if they formed a contract between the member and the Cooperative.

#### 7.05 Automatic Withdrawal - Death or Dissolution

An individual's membership in the Cooperative is deemed to be withdrawn on their date of death. By ordinary resolution, the board may deem a body corporate's membership in the Cooperative to be withdrawn if that body corporate has commenced dissolution proceedings or is dissolved by its corporate regulator.

#### 7.06 Lien for Indebtedness and Right to Offset

If a member owes a debt to the Cooperative, the Cooperative has and may enforce a lien on or, as applicable, may offset the amount of the debt against:

- (a) the member's shares in the Cooperative;
- (b) any interest of the member in the property of the Cooperative; and
- (c) any sum payable by the Cooperative to the member.

### **7.07 Withdrawal of Membership**

A member may withdraw their membership in the Cooperative by giving the Cooperative 365 days' notice of their intention to withdraw. The board or a person authorized by the board may, in writing, accept the member's withdrawal on shorter notice.

### **7.08 Termination of Membership for Cause**

The board may by special resolution, and following the procedures specified in by-law 7.09, terminate the membership of a member if:

- (a) that member has failed to transact any business with the Cooperative over a period of at least two consecutive years; or
- (b) the board acting reasonably, considers ~~that~~ the member's conduct to be detrimental to the welfare of the Cooperative.

### **7.09 Board's Termination of Membership – Procedure [Section 244]**

- (a) If termination of a membership pursuant to Section 7.08(b) is to be considered at a board meeting, the secretary must give to:
  - (i) the directors; and
  - (ii) the member involved,at least seven days' written notice of the meeting at which the termination resolution is to be considered and a statement of the grounds on which it is proposed that the membership be terminated.
- (b) The member whose membership the board is considering for termination is entitled to appear, personally, or by or with an agent or counsel, to make submissions at the board meeting at which the membership termination will be considered.

### **7.10 Repurchase of Membership Shares or Repayment of Member Loans**

Subject to the Section 66(1) of the Act, within a reasonable time, but no later than one (1) year after a person's withdrawal or termination of membership, the Cooperative must redeem the person's membership shares that were bought as a condition of membership or repay to the person any member loans (paid as a condition of membership in the Cooperative) in accordance with Section 246 of the Act.

### **7.11 Repayment of Patronage Returns (Loans or Shares)**

As of the date of termination or withdrawal of a person's membership, the Cooperative must repurchase the person's membership shares acquired as part of an earlier patronage return or repay to the person any patronage loans in accordance with Section 246 of the Act and by-law 9.08.



## Part Eight

### JOINT MEMBERSHIP

#### 8.01 **Joint Membership**

Two or more persons may apply to be joint holders of a membership in the Cooperative.

#### 8.02 **Statements of Interest and Notices [Section 95(3)]**

If two or more persons are registered as joint holders of a membership in the Cooperative:

- (a) any statement showing the interest of joint members is sufficient if given, in the manner specified in by-law **11.01**, to only one of the joint holders; and
- (b) any notice to the joint holders of the membership is sufficient if given, in the manner specified in by-law **11.01**, to only one of the joint holders.

#### 8.03 **Business Done by Joint Holder**

The business that one joint holder of a membership does with the Cooperative in a financial year is deemed to be business that the joint membership has done with the Cooperative in that year.

#### 8.04 **Voting [Section 235(3)]**

- (a) Each joint membership has one vote.
- (b) The signature, on a written resolution, of any one of the persons who are joint holders of a membership is sufficient signature for all of the joint holders of that membership.

#### 8.05 **Withdrawal of Membership [Section 245]**

- (a) An application for withdrawal by a joint membership must be in writing and signed by all surviving holders of the joint membership.
- (b) If the Cooperative receives proof satisfactory to it that any one joint holder of a membership has died, it may treat the surviving joint holder(s) as the holder(s) of the membership.
- (c) The death of one of the joint holders of a membership does not have the same effect as notice of withdrawal.

#### 8.06 **Director**

Only one of the joint holders of a membership is entitled to be a director of the Cooperative at any one time unless that holder or another of those holders:

- (a) is a member in his or her own right; or
- (b) has been authorized to represent another entity that is a member.

## Part Nine

### RESERVES AND ALLOCATION OF SURPLUS

#### 9.01 General Reserve

The Cooperative must transfer to its general reserves in each financial year a minimum of 5% of its surplus in that financial year.

#### 9.02 Special Reserve

Following the transfer of any surplus to its general reserve pursuant to bylaw 9.01 after allocating for incomes taxes, the Cooperative may transfer to its special reserve in each financial year such amount determined by the board of directors.

#### 9.03 Minimum Reserve [Section 52]

The reserves of the Cooperative must accumulate to a minimum of 20% of the total assets of the Cooperative as reported in the year-end financial statements. No patronage return shall be credited or payable to members if the reserves are or would, as a result of a payment, fall below the minimum percentage of assets.

#### 9.04 Allocation of Surplus [Section 53]

At the end of a financial year, after allocating any surplus into the general reserve, and special reserve, if any, after allocating for income taxes, the board may credit the balance of that surplus in the financial year, and an amount, if any, from the special reserves, either in the form of a patronage return paid in proportion to the business done by members or patrons with the Cooperative or in the form of a dividend on shares. Patronage returns or dividends can be paid in the form of cash or patronage shares in the Cooperative as determined in the discretion of the board of directors.

#### 9.05 Computation of Business Done [Section 54]

If allocating patronage returns, the board must compute the business done by a member or patron with the Cooperative in a financial year in relation to:

- (a) the quantity, quality, kind and value of the goods bought, sold, handled, marketed or dealt in by the Cooperative; and
- (b) the services rendered:
  - (i) by the Cooperative on behalf of or to the member, whether as principal or agent of the member or otherwise, or
  - (ii) by the member on behalf of or to the Cooperative with appropriate differences for the different classes, grades or qualities of the goods and services.

and the Board may establish policies from time to time in respect of the determination of business done.

#### 9.06 Non-Payment of Small Patronage Returns [Section 57]

Where the patronage return that would otherwise be payable to any member in respect of the surplus for a financial year does not exceed \$2.00, the Cooperative will not pay the patronage return to that member and the amount that would otherwise be payable becomes the property of the Cooperative to be used as the board determines appropriate.

**9.07 Patronage Returns Applied as Membership Shares [Sections 9(1)(d) and 58(1)]**

- (a) Subject to (b), if a patronage return is paid to a member in the form of membership shares, notice of the payment must be provided to the member in accordance with Section 58 of the Act. The board may, by ordinary resolution, repurchase a percentage of the membership shares allocated in a prior year as patronage returns. The shares may be repurchased in an order of priority set out in by-law **9.09**.
- (b) No member may own more of the issued and outstanding membership shares than specified in the articles.

**9.08 Notice [Section 58(2)]**

The Cooperative must notify each member of the number of membership shares of the Cooperative purchased or to be purchased for them, the manner of issuance or transfer to them of the shares and the payment for the shares out of their patronage returns.

**9.09 Priority of Payment - Repurchasing Membership Shares or Repaying Patronage Loans [Sections 59 and 246(3)]**

If the Cooperative resolves to repurchase membership shares from members which were purchased on behalf of the member by the application of patronage returns credited to the member or repay patronage loans to members, it shall do so in the following order of priority and, as applicable, payable in accordance with the conditions provided for in the Equity Policy:

- (a) to deceased members whose death has been reported to the Cooperative;
- (b) to individual members who have reached the age of 65 years or certain entity members;
- (c) to individual members who have permanently moved their residence out of the trading area, or any entity members who have permanently moved their registered office, operations and assets out of the trading area;
- (d) to members on the basis of compassionate grounds;
- (e) to members whose membership in the Cooperative has terminated or who have been withdrawn, for reasons other than the bankruptcy of a member;
- (f) to members whose membership in the Cooperative has terminated or who have withdrawn due to bankruptcy. Subject to available funds, the Act, and any legislative or legal requirements, the Cooperative shall repurchase for cancellation any membership shares within 10 years from the date the membership of such members have been withdrawn in accordance with by-law **7.05**; and
- (g) to the remaining members on a proportionate basis.

**9.10 Equity Policy**

By resolution of the board, an Equity Policy may be established, as amended from time to time by the board, and the Equity Policy may provide for the conditions, criteria, considerations, timings for payment, and/or payment thresholds that are to be applied in accordance with by-law **9.09** and the Act.

#### **9.11 Deficits**

- (a) If the calculation of surplus in accordance with the Act produces a negative amount, this amount shall be the deficit of the Cooperative for that financial year.
- (b) The Cooperative shall carry forward the deficit and deduct it from surpluses accruing in subsequent financial years of the Cooperative, or charge the deficit against either of the reserves, or charge part of the deficit against the reserves and carry forward the balance, as the board determines appropriate.

## Part Ten

### MEETINGS OF MEMBERS

#### 10.01 Annual Meetings

The directors of the Cooperative must hold an annual meeting of members in each financial year of the Cooperative. The annual meeting is held for the purpose of considering the directors' annual report, the financial statements, the appointment of auditors, the election of directors, and other business as permitted by the Act.

#### 10.02 Special Meetings

A special meeting may be called by the board at any time, or by 5% of the Cooperative's total members who sign and send a written requisition to the board.

#### 10.03 Place of Meetings

Meetings of members are held in Manitoba at a place determined by the board.

#### 10.04 Notice of Meetings

Notice in writing of the time, place, and purpose of each meeting of members must be given to the members between fourteen (14) and fifty (50) days in advance of the meeting. The Board may, from time to time, set the record date for purposes of issuing notice to members and eligibility to vote, provided such record date shall be no more than fifty (50) days and no less than twenty one (21) days prior to the meeting date~~This is subject to Sections 225 and 226 of the Act.~~

#### 10.05 Chair

- (a) Subject to (b), the board will appoint an individual, who need not be a member, to chair any meeting of members.
- (b) If the board does not appoint an individual to chair the meeting of members, the members present at the meeting shall appoint an individual, who need not be a member, to chair the meeting.

#### 10.06 Secretary

- (a) Subject to (b), the board will appoint an individual to act as secretary at any meeting of members.
- (b) If the board does not appoint an individual to act as secretary at the meeting of members, the members present shall appoint an individual, who need not be a member, to act as secretary of the meeting.

#### 10.07 Persons Entitled to be Present

- (a) The only persons entitled to be present at a meeting of members are those entitled to vote at that meeting, the auditor of the Cooperative, and others who are entitled or required under any provision of the Act, the articles, or the by-laws to be present at the meeting.
- (b) Any person other than those specified in (a) may be admitted to a meeting of members only on the invitation of the chair or with the consent of the meeting.

#### **10.08 Quorum [Section 233]**

A quorum for the transaction of business at any meeting of members is the number of directors constituting a full board plus 5, ~~as specified in by-law 4.02.~~

#### **10.09 Voting at the Meeting**

A person that is on the members' register at the time ~~the record notice of a meeting is sent~~ date is set by the Board pursuant to Section 10.04 is entitled to vote. Voting is governed by these rules:

- (a) votes are counted on a one-member, one-vote basis;
- (b) votes, other than on special resolutions, are passed by a majority of members present or votes received through a secret or electronic ballot from a majority of members who are entitled to vote;
- (c) an ordinary resolution or motion fails in case of a tie vote;
- (d) votes are decided by show of hands, other than votes taken by secret or electronic ballot, and the results are reported in minutes of the meeting; and
- (e) a member entitled to vote at the meeting may demand a secret ballot vote before or after a vote takes place. If a secret ballot vote takes place after a vote, the results of the secret ballot shall govern.

#### **10.10 Voting by Mail-In or Electronic Ballot**

At the discretion of the board and in accordance with those voting procedures, rules, and processes established by the board from time to time, voting may take place in advance of the members meeting by mail-in or electronic ballot. A person that is on the members' register ~~at the time notice of a meeting is sent on the record date set~~ by the board ~~as a mail-in or electronic ballot in accordance with Section 10.04~~ is entitled to vote by mail-in or electronic ballot. In addition to any other voting procedures determined by the board from time to time, voting shall be governed by these rules:

- (a) votes are counted on a one-member, one-vote basis;
- (b) votes, other than on special resolutions, are passed by a majority of members who are entitled to vote and have actually voted their vote has been cast and received within the time period set by the board;
- (c) an ordinary resolution fails in case of a tie vote.

#### **10.11 Electronic Meeting**

Meetings of members, including annual meetings, may be held by electronic means, provided that each member is:

- (a) able to be communicate with each other member and guests present at the meeting at all times;
- (b) able to be appropriately identified;
- (c) able to cast a vote in a manner sufficient to determine the result of the vote in a timely manner that does not prejudice the vote of any other member; and
- (d) all members are able to exercise their rights in a reasonable facsimile of the manner in which they could exercise their rights if they were physically present at the meeting.

## Part Eleven

### NOTICES IN WRITING

#### 11.01 Method of Giving Notices in Writing

Where written notices are required to be given to members, officers, directors or committee members, those notices must be sent to the person's recorded address (physical or electronic). For clarity, notices delivered by electronic means are deemed to be properly given if no undeliverable or similar message is received immediately following delivery. Additional notices can be sent or published using any type of media as determined by the board. Notice can be waived by the recipient in accordance with the Act.

#### 11.02 Undelivered Notices

If a notice in writing to a member is returned undelivered on three (3) consecutive occasions, the Cooperative does not need to give further notice until the member provides a new recorded address.

#### 11.03 Omissions and Errors

The accidental omission to give any notice to any member, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance of it does not invalidate any action taken at any meeting held pursuant to that notice or otherwise founded on that notice.



## Part Twelve

### AMENDMENT AND REPEAL

#### 12.01 Amendment, Repeal and Replacement [Section 179]

- (a) These by-laws may be amended by the directors. The amendment must then be ratified by ordinary resolution at the next meeting of the members. The effective date of the amendment, once ratified, will be the date the by-law was amended by the directors, unless otherwise stated in the ratification by the members.
- (b) The members of the Cooperative may subject to this Act and its articles, by resolution passed at any annual meeting of the members, or any special meeting of the members called for the purpose, enact by-laws of the Cooperative, not contrary to law and amend, repeal or replace any of the by-laws.
- (c) The notice of the proposed enactment, amendment, repeal or replacement of by-laws required in (b) must state the text of the special resolution that contains the proposed enactment, amendment, repeal or replacement, or, if the full text is too lengthy to conveniently include in the notice, a summary of the text.

#### 12.02 Repeal

All previous by-laws of the Cooperative are repealed as of the coming into force of these by-laws provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to such by-law prior to its repeal. All officers and persons acting under the provisions of the by-laws, and all resolutions of the members or board with continuing effect passed under any repealed by-law shall continue good and valid except to the extent inconsistent with the by-laws and until amended or repealed.