

1077 Holdings Co-Operative

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Memorandum and Rules of Co-operation

Pursuant to an order of the British Columbia Supreme Court issued on October 2, 2020, the name of the Co-operative has been changed from Mountain Equipment Co-Operative to 1077 Holdings Co-Operative.

MEMORANDUM OF ASSOCIATION

1. The name of the Co-operative is Mountain Equipment Co-operative.
2. Purposes of the Co-operative:
 - a) designing, manufacturing, purchasing, selling and renting products for self-propelled wilderness oriented recreational activities, and
 - b) marketing goods and services produced or supplied by members, and
 - c) any business which may conveniently be carried on in connection with those businesses.
3. Authorized Share Capital

Membership Shares

The Co-operative is permitted to issue an unlimited number of membership shares with a par value of five dollars each.

Investment Shares

The Co-operative is not permitted to issue investment shares.
4. The liability of a member is limited in accordance with the Act.

RULES

Mountain Equipment Co-operative's complete, consolidated Memorandum & Rules, incorporating amendments made on April 25th, 2002 and filed on June 24th, 2002; made on April 24th, 2003 and filed on May 26th, 2003 and June 17th, 2003; made on April 22nd, 2004 and filed on July 7th, 2004; made on April 30th, 2005 and filed on July 26th, 2005; made on April 28th, 2007 and filed April 16th, 2008; made on April 26th, 2008 and filed on May 7th, 2008; and made on April 29th, 2009 and filed June 19th, 2009; made on April 29th, 2010 and filed on June 2nd, 2010; made on April 27th, 2011 and filed on May 31st, 2011; made on April 25th, 2012 and filed on May 24th, 2012; made on April 25th, 2013 and filed on May 23rd, 2013; made on April 24th, 2014 and filed on May 29th, 2014.

1. Preliminary and definitions

- 1.01 In the Memorandum and these Rules:
 - (a) the singular includes the plural, and vice versa,
 - (b) persons include corporations, incorporated societies, co-operatives, and other incorporated bodies,
 - (c) "director", "Memorandum", "member", "membership share", "officer" other than for purposes of Rule 15.05 and "Rules" have the meanings assigned to them by the Act,
 - (d) "Act" means the Cooperative Association Act of British Columbia,
 - (e) "close of nominations" means the date and time by which candidates for election as directors must deliver to the Co-operative the materials set out in Rule 11.02,
 - (f) "Co-operative" means Mountain Equipment Co-operative
 - (g) "the directors" means the board of directors of the Co-operative,
 - (h) "dividend" means the allocation or payment of a surplus to members in proportion to their paid-up shares in the Co-operative,

- (i) "employee" means a person who is, or within the last year was, an employee of the Co-operative or of a corporation of which the Co-operative is the controlling shareholder,
 - (j) "may," where it refers to the authority of the directors or the Co-operative to make a decision, without qualification, means that the directors or the Co-operative have the sole discretion to make the decision,
 - (k) "patronage return" means the allocation or payment of a surplus to members in proportion to the amount spent by them in purchasing goods or services from the Co-operative,
 - (l) "permanent incapacitation" means the permanent mental incompetency or the permanent physical incapacity of a person, either of which will be deemed to have occurred for the purposes of these Rules upon such person being in such state for a period of one year or such other time period as determined by the directors in their sole discretion,
 - (m) "pre-meeting voting period" has the meaning set out in Rule 8.07,
 - (n) "proposing member" has the meaning set out in Rule 8.01,
 - (o) "proposed resolution" has the meaning set out in Rule 8.01,
 - (p) "share" means a membership share,
 - (q) "spouse" means a person who is living with another person in a marriage-like relationship, whether or not they are married, and includes relationships between persons of the same sex, and
 - (r) "special resolution" means a resolution that is passed by a 75 percent majority of the total votes cast on the resolution by members eligible to vote.
- 1.02 The Memorandum and Rules are subject to the Act, and the Act contains provisions not repeated in these Rules. Where these Rules refer to the Act or any section of the Act, such reference shall be read as referring to the Act or section as it existed on the date of the most recent amendment to these Rules, as it may thereafter be amended, supplemented or superseded.
 - 1.03 The Memorandum and Rules may be changed only by special resolution.

2. Becoming a member

- 2.01 To become a member, a person must:
 - (a) in the case of an individual, be at least 16 years of age,
 - (b) apply for membership in accordance with the forms, policies and procedures in effect from time to time under Rule 2.02; and
 - (c) subscribe and pay for one share, which will be issued upon application of the payment to purchase of the share in accordance with Rules 2.03 and 3.04.
- 2.02 The directors may from time to time make and amend forms, policies and procedures for application for membership in the Co-operative.
- 2.03 The directors may approve or reject any application for membership in the Co-operative, provided that an application for membership made in the form and in accordance with the policies and procedures determined by the directors under Rule 2.02 shall be presumed to have been accepted at the time the application is made, unless subsequently rejected by the directors at their next meeting. If a person's application for membership is rejected by the directors, the amount paid by that person for one share at the time of application will be refunded.
- 2.04 Membership is open in a non-discriminatory manner to individuals and corporations that can use the services of the Co-operative and are willing and able to accept the responsibilities of membership.

3. Shares

- 3.01 A member may own an unlimited number of shares, and will at all times own at least one share.
- 3.02 Shares must be paid for in full before being issued.
- 3.03 The Co-operative may issue fractional shares in connection with a purchase of shares pursuant to Rule 5.03, but must not call upon a member to pay the unpaid balance of such shares.
- 3.04 Upon the approval or deemed approval of an application for membership, the amount paid by the applicant at the time of making his or her application will be applied to the purchase of one membership share, which shall be issued and registered in the applicant's name.

4. Withdrawal from membership

- 4.01 The directors may from time to time make and amend forms, policies and procedures for withdrawal from membership in the Co-operative.
- 4.02 An application to withdraw from membership is effective upon:
 - (a) the member giving notice of withdrawal in the form and in compliance with the policies and procedures for withdrawal established by the directors; and
 - (b) if the Co-operative has issued certificates for the shares held by the withdrawing member, upon surrender and delivery of those certificates to the Co-operative.

- 4.03 Subject to these Rules and section 66(2) of the Act, if a member dies or withdraws from membership, the Co-operative must redeem all the shares of the deceased or withdrawing member within the following time period after receipt of the notice of the member's death or withdrawal:
 - (a) if the member is deceased, or if the withdrawal from membership is due to the member having become permanently incapacitated, and proof of the member's death or permanent incapacitation is provided to the Co-operative, three months; and
 - (b) in all other cases, one year.
- 4.04 Notice to the Co-operative of the:
 - (a) death, permanent incapacitation or bankruptcy of an individual member, or
 - (b) bankruptcy, liquidation, or dissolution of a member which is incorporated,
 - has the same effect as an application to withdraw, subject to Part 6.
- 4.05 When a member withdraws from membership or a membership is terminated or ceases for any reason, all rights and privileges attached to membership cease except the right to require the Co-operative to redeem the member's shares.
- 4.06 The cessation of membership does not release the former member from any debt or obligation owed to the Co-operative unless the instrument of debt or obligation states otherwise.

5. Allocation of surplus

- 5.01 The Co-operative may establish reserves out of surplus funds arising from the Co-operative's operations.
- 5.02 The remainder of the surplus funds arising from the Co-operative's operations after the establishment of reserves under Rule 5.01 may be used for any or all of the following purposes:
 - (a) declaring patronage returns, and distributing them to the members as set out in Rule 5.03,
 - (b) declaring dividends and paying them to the members at a rate not to exceed 8 percent yearly,
 - (c) retaining all or part of the residue for the purposes of the Co-operative,
 - (d) donating all or part of the residue for charitable or educational purposes; and
 - (e) such other purposes as may be permitted by the Act.
- 5.03 In each financial year, each member must apply the whole of any patronage return to which the member is entitled, net of any withholding taxes, to the purchase of shares in the Co-operative. Each member directs the Co-operative to purchase such shares or fractional shares in the Co-operative in the name of the member, and to apply the whole of any patronage return to which the member is entitled for that purpose.
- 5.04 The members appoint the Co-operative to act as their agent for purposes of entering into an agreement with a law firm or professional services firm of the Board's choosing (the "Credit Note Agent") to formally appoint the Credit Note Agent as the members' agent for purposes of receiving any and all credit notes that are prepared and issued by the Co-operative pursuant to subsection 232(3) of the Excise Tax Act and section 449 of the Act respecting the Québec sales tax in relation to patronage returns that are paid by the Co-operative to the members. The Credit Note Agent shall be the members' duly authorized agent and representative for purposes of receiving any and all credit notes, and the members shall be considered to have full custody and control of the credit notes at the time the Credit Note Agent receives the credit notes. The credit notes shall be considered to have been received by a member such that the member, to the extent it has previously claimed an input tax credit to recover the GST/HST or Quebec Sales Tax (QST) that it has paid to the Co-operative, may have an obligation to remit GST/HST to the Canada Revenue Agency and QST to Revenu Quebec.

6. Transfer and redemption of shares

- 6.01 A member may apply to the directors for transfer or redemption of shares.
- 6.02 If a member dies or becomes permanently incapacitated, the person entitled to the member's shares may apply to have them transferred under Rule 6.08 or redeemed under Part 4.
- 6.03 An application to transfer or redeem shares must be:
 - (a) in a form approved by the directors,
 - (b) accompanied by the share certificates, if any,
 - (c) supported by any proof the directors require, and
 - (d) signed by the transferor, or the person entitled to the shares under Rule 6.02.
- 6.04 The directors may approve, refuse or postpone any application for transfer or redemption of shares.
- 6.05 The Co-operative may, on 30 days' notice to the member, redeem all or part of a member's shares purchased with patronage returns, and apply the proceeds to a debt owed by the member to the Co-operative.
- 6.06 The Co-operative may at any time redeem all or part of a member's shares purchased with patronage returns, and pay their par value to the member in the form of money or in any other form approved by the directors provided that the value of such form of payment is equal to the par value owing to the member.

- 6.07 The Co-operative must not issue share certificates.
- 6.08 The person entitled to the shares of a deceased, permanently incapacitated or bankrupt individual member, or of a corporate member that is bankrupt or in liquidation or dissolution, may apply to have the shares transferred to such person, provided that:
 - (a) such person is a member at the time of application for and completion of the transfer of such shares; or
 - (b) if the person is not a member at the time of application for transfer of the shares, he or she has applied for and been granted membership in the Co-operative prior to completion of the transfer.
- 6.09 The directors must postpone further redemptions of shares when in any year the Co-operative has redeemed shares to a value of 1 percent of the Co-operative's share value as a result of member withdrawals.

7. General meetings

- 7.01 An annual general meeting must be held each year at a date, time and place set by the directors.
- 7.02 The directors may call a special general meeting.
- 7.03 The directors must call a special general meeting within seven days after receiving a written requisition signed by the number of members required by section 150(2) of the Act and which complies with section 151 of the Act.
- 7.04 The Co-operative shall give notice of any annual or special general meeting to the members by posting the date, time, and place of the general meeting on the Co-operative's website no less than 21 full days in advance of the meeting.
- 7.05 The Co-operative may hold members' meetings at two or more different locations, instead of in a single location, as permitted by the Act.
- 7.06 The quorum at a general meeting is 50 members who are eligible to vote at that meeting present at the commencement of the meeting. No business other than the election of a chair and the adjournment or termination of the meeting may be transacted at any meeting unless a quorum is present at the commencement of the meeting, but the quorum need not be present throughout the meeting.
- 7.07 Every member who became a member 16 weeks or more before the date of a general meeting is eligible to vote at the meeting and in respect of any resolution that is being voted upon prior to the meeting in accordance with Rule 8.09(a), provided that each member has one vote on each matter voted upon at or prior to the meeting.
- 7.08 Proxy voting is prohibited.
- 7.09 The chair, or the vice-chair, of the directors must preside over every general meeting. If neither is willing or able to preside, the members present must choose another person to preside.
- 7.10 A general meeting may adopt rules of order. If the meeting does not adopt other rules, or if the rules adopted do not cover the point raised, Robert's Rules of Order (Newly Revised) must be used as the rules of order, provided that in the event of any conflict between these Rules and Robert's Rules of Order (Newly Revised), these Rules shall govern.
- 7.11 A member which is a corporation may appoint an individual to represent it and vote on its behalf at a general meeting, but the appointment must:
 - (a) be in writing,
 - (b) identify the appointing member, and the individual appointed,
 - (c) identify the meeting in respect of which the representative is appointed,
 - (d) be signed by a duly authorized signatory of the member, and
 - (e) include the date of the signature referred to in paragraph (d).
 A representative appointed under this Rule 7.11 is entitled to exercise at that meeting the same rights on behalf of the member as the member could exercise if it were an individual member present, and must be counted for the purpose of determining quorum.
- 7.12 The only persons entitled to be present at a general meeting are members of the Co-operative, the Co-operative's auditor, legal counsel and other advisors, and others who are entitled or required under any provision of the Act or Rules to be present.
- 7.13 A person who is not entitled to be present at a general meeting under Rule 7.12 may be admitted to a meeting only on the invitation of the chair or with the consent of a majority of the members at the meeting.

8. Resolutions

- 8.01 Any member (a "proposing member") wishing to move a resolution at a general meeting or to have a resolution voted upon during the pre-meeting voting period prior to a general meeting must deliver written notice of the resolution (the "proposed resolution") to the Co-operative no less than:
 - (a) 150 days before the date of the general meeting if the proposed resolution is in respect of any matter that must under the Act be approved by an ordinary or special resolution of the members; or
 - (b) 90 days before the date of the general meeting for any other proposed resolution.
- 8.02 If the proposed resolution is in respect of any matter that must under the Act be approved by an ordinary or special resolution of the members, the notice of the proposed resolution given by the proposing member under Rule 8.01 must state that the proposed resolution is

supported by at least 500 members in addition to the proposing member, and must include the names and signatures of such supporting members.

- 8.03 Subject to Rule 8.04, the directors may either:
 - (a) accept any proposed resolution submitted pursuant to Rule 8.01, and if applicable Rule 8.02, in which case the proposed resolution will be submitted to a vote of the members in accordance with Rule 8.09; or
 - (b) reject any such proposed resolution, by a directors' resolution passed by not less than two-thirds of the directors present at the meeting at which the proposed resolution is considered.
- 8.04 If the proposing member has met the requirements to requisition a meeting to consider the proposed resolution in accordance with sections 150(2) and 151 of the Act, such proposed resolution and the general meeting at which such resolution is to be considered will be governed by and subject to sections 150(2), 151 and 152 of the Act and by these Rules to the extent not inconsistent with those sections of the Act. Without limiting the generality of the foregoing, the directors may refuse to call a requisitioned general meeting to consider the proposed resolution only on the grounds specified in section 151(2)(b) of the Act. Where a general meeting has been requisitioned in accordance with the Act, the directors will to the extent possible, and subject to compliance with the Act, coordinate the requisitioned meeting with the annual general meeting of Co-operative.
- 8.05 The directors will provide reasons for rejecting any proposed resolution to the proposing member.
- 8.06 The directors may propose resolutions for approval by the members at a general meeting.
- 8.07 The directors may set a time period prior to a general meeting during which members may vote on a resolution (a "pre-meeting voting period"). Notice of any resolution to be submitted to the members for their consideration and approval during the pre-meeting voting period or at an annual or special general meeting will be given to members no less than 21 days before the annual or special general meeting, and may or may not form part of the notice given pursuant to Rule 7.04.
- 8.08 The directors may set a record date for voting on any resolution or at any general meeting. If the directors do not determine a record date for any general meeting, the record date for that general meeting will be the day that is sixteen (16) weeks prior to the date of the general meeting. Only persons who are members on the record date may vote at a general meeting or during the period referred to in Rule 8.09(a) in respect of any resolution for which the Co-operative has given notice to members in accordance with Rule 8.07.
- 8.09 Upon notice of a resolution being given in accordance with Rule 8.07, but subject to Rules 7.07 and 8.08, members may vote on the resolution:
 - (a) prior to the applicable general meeting and during the pre-meeting voting period, by mail, electronic ballot or such other means as may be approved by the directors; and
 - (b) where required by the Act or so determined by the directors, at the applicable general meeting.
- 8.10 The election auditor must announce the result of the voting on each resolution included in a notice of a general meeting. Except in the case of a resolution passed solely by a poll (show of hands) at the general meeting, the election auditor will also announce the number of votes in favour and the number of votes opposed for each resolution considered prior to or at each general meeting.
- 8.11 The Co-operative must not dispose of the whole or substantially the whole of its undertaking unless:
 - (a) the disposition is authorized by a special resolution, and
 - (b) all members have the opportunity to vote on the special resolution in accordance with Rule 8.09.
- 8.12 A resolution passed by the members will not be binding on the Co-operative unless the resolution is with respect to a matter specified in the Act as requiring the approval of the members by ordinary resolution or special resolution, and the requisite level of approval has been obtained by a vote held in accordance with the Act and these Rules. All other resolutions passed by the members will be recorded as member input to inform the directors in carrying out their duties.
- 8.13 A resolution on any matter that is not specified in the Act as requiring approval by an ordinary or special resolution shall be passed by a simple majority of votes cast on that resolution.

9. Board of Directors and Qualifications of Directors

- 9.01 Subject to Rule 10.04, the board of directors of the Co-operative will consist of nine directors.
- 9.02 The directors:
 - (a) must manage or supervise the management of the business of the Co-operative,
 - (b) may exercise all of the powers of the Co-operative,
 - (c) may delegate any of their powers to committees of the directors and set terms of reference for committees that are binding on them in exercising the delegated powers, and
 - (d) may regulate their meetings and affairs.
- 9.03 To qualify for election as a director, a member must, at the close of nominations:
 - (a) be a resident of Canada,

- (b) not be disqualified by the Act from becoming or acting as a director,
 - (c) have been a member for at least three years,
 - (d) have purchased or rented from the Co-operative within the previous two years, and
 - (e) have voted in at least one of the two most recent elections.
- 9.04 A member is not permitted to be a candidate for election as a director if:
 - (a) that member, or a person in that member's immediate family, is employed or has in the past three years been employed in any capacity by the Co-operative,
 - (b) that member, or a person in that member's immediate family, is employed in any capacity by any business which is in competition with the Co-operative, or
 - (c) a person in that member's immediate family is also a candidate or is an incumbent director who would be on the board at the same time as that member if that member was elected.
 - For the purposes of this Rule 9.04, "immediate family" means spouse, sibling, parent, child, or any relative of the member or the member's spouse who lives with the member.
 - 9.05 For the purposes of these Rules, a member does not become employed in any capacity by the Co-operative by serving as a director, or by being appointed to serve as an advisory member of a committee of directors.
 - 9.06 A member is not permitted to be a candidate for election as a director if, on election to the longest term to be filled, the member would be a director for more than seven consecutive years without a period of at least 48 weeks in which the member was not a director.
 - 9.07 Subject to Rules 10.04, 10.05 and 12.13, the term of office of a director is three years from the close of the annual general meeting at which his or her election is announced until the close of the annual general meeting held three years later.
 - 9.08 A director may be removed from office before the end of her or his term by:
 - (a) a special resolution; or,
 - (b) a resolution passed by no fewer than 75 percent of all the directors.

10. Election and Appointment of Directors

- 10.01 The Co-operative must conduct an election of directors each year.
- 10.02 In each election, three directors must be elected for three years, and any other vacant positions must be filled, so that immediately after the annual general meeting (subject to Rule 12.13) there are three directors with three years remaining in their terms, three directors with two years remaining, and three directors with one year remaining.
- 10.03 When an election is for terms of differing lengths, those elected with the most votes, or the highest preference, must hold the longest terms. If the election is by acclamation, the terms of those elected must be decided by lot.
- 10.04 At least one director must be an individual ordinarily resident in British Columbia. Notwithstanding any other Rule, if at any time none of the nine directors is ordinarily resident in British Columbia, the directors must appoint a tenth director who is an individual ordinarily resident in British Columbia, who will hold office until the close of the next annual general meeting. In appointing a tenth director pursuant to this Rule 10.04, the directors may appoint any qualified member who is ordinarily resident in British Columbia, taking into consideration the skills needed to be a director, and the value of providing balance on the board.
- 10.05 The directors may appoint a member to fill a director's position which becomes vacant between elections. No more than three directors appointed under this Rule 10.05 may hold office at the same time. Appointed directors must be qualified under Rules 9.03, 9.04, 9.05 and 9.06 and must comply with Rules 11.02(b), 11.02(c) and 11.03(b) within such time as may be specified by the directors, and will hold office only until the close of the next annual general meeting.

11. Nomination of Candidates for Election as a Director

- 11.01 The Co-operative will set a date for the close of nominations for each election, and will give no less than six weeks notice of such date to members. No nominations of candidates for election of directors in any election will be accepted after the close of nominations.
- 11.02 To become a candidate for election as a director, a member who qualified under Rules 9.03, 9.04, 9.05 and 9.06 must submit:
 - (a) a written nomination signed by five members,
 - (b) the member's written consent to act as a director, and
 - (c) the member's written agreement to follow these Rules and the Co-operative's policies regarding elections.
 - Any qualified member who wishes to become a candidate must submit the materials required under this Rule 11.02 on or before the close of nominations.
- 11.03 To continue as a candidate for election as a director, a member must, by a date set by the directors:
 - (a) provide a candidate's statement as specified in the election policies, and
 - (b) sign a certificate stating that the member:
 - (i) is qualified to act as a director,

- (ii) is aware of the duties of directors under the Act,
 - (iii) will not campaign for or on behalf of, or against, any other candidate,
 - (iv) has disclosed all personal, employment and business relationships with the Co-operative or its employees, suppliers, contractors or directors, or with other candidates,
 - (v) has disclosed all conflicts between the candidate's personal interests and those of the Co-operative,
 - (vi) will disclose any future conflicts of interest as soon as they arise, and
 - (vii) will comply with these Rules, and any policies set by the directors.
- 11.04 If at least two-thirds of the directors resolve that the member's certificate under Rule 11.03(b) is in any material respect false, incomplete or misleading, or that the candidacy is frivolous, vexatious or harmful to the Co-operative, the Co-operative may at any time reject or remove the member as a candidate or, if the candidate has been elected as a director, remove the member as a director.

12. Procedures for Election of Directors

- 12.01 The Co-operative must give notice to the members of each election of directors and the members' right to vote, the time period for voting and the manner in which members may request election materials and vote.
- 12.02 Every member who became a member 16 weeks or more before the next annual general meeting is eligible to vote in the current election of directors.
- 12.03 On request from a member eligible to vote in the current election of directors under Rule 12.02, the Co-operative must deliver election materials, including candidates' statements contemplated under Rule 11.03 and voting instructions, to such member.
- 12.04 The Co-operative must deliver, without request, election materials to each eligible member who:
 - (a) voted in one of the two most recent elections, or
 - (b) joined any time after the date that is 16 weeks before the last annual general meeting.
- 12.05 A member may waive receipt of election materials by giving the Co-operative notice. A member may not waive receipt of notice of an election.
- 12.06 A member may vote by:
 - (a) mail,
 - (b) telephone,
 - (c) use of an interactive website, or
 - (d) any other method of transmission approved by the election auditor and the directors.
- 12.07 If, at the close of nominations or at any time thereafter, the number of candidates equals the number of vacancies, the candidates must be declared elected, upon complying with Rule 11.03(b).
- 12.08 If two candidates receive an equal number of votes, or equal preference, the successful candidate, or the term of office, must be decided by lot.
- 12.09 The directors may decide to conduct an election by preferential voting.
- 12.10 Each candidate may appoint a scrutineer, who may at the candidate's own expense attend the drawing of lots, counting of votes, and at any recount, or in the case of electronic voting, may observe and verify the tabulation process and the controls imposed upon the process.
- 12.11 The election auditor must verify the name and membership number of each member who votes. The methods by which members may vote must ensure that a member's vote is confidential and verifiable, and that a member can only vote once.
- 12.12 A member's vote is not valid if in the opinion of the election auditor:
 - (a) it is illegible, unintelligible, or ambiguous, or
 - (b) the member did not vote, or voted for more than a specified number of candidates, or
 - (c) it appears that the member voted more than once, in which case none of the votes cast by the member will be counted.
- 12.13 In the event of an interruption of normal postal service or any sustained unavailability of the interactive website contemplated at Rule 12.06(c), the directors may extend the time for doing anything required in an election, and any director whose term was to end at the annual general meeting continues in office until the election is concluded.
- 12.14 Except as provided in Rule 13.09, the Co-operative, and its employees, agents, contractors, suppliers, directors, officers and election auditor, must not endorse or indicate preference for any candidate.
- 12.15 A candidate must not endorse or indicate a preference for any other candidate.
- 12.16 The directors may establish policies not inconsistent with this Part 12 and Parts 9, 10 and 11 governing elections and campaigning by candidates, including dates by which:
 - (a) candidate's statements and certificates must be received,
 - (b) lots must be drawn,
 - (c) election materials must be delivered,

- (d) votes must be received, and
- (e) votes must be counted.
- The Co-operative must provide a copy of any policies governing elections and campaigning to all candidates, and to any member on request.

13. Appointment and duties of the nominations committee

- 13.01 The directors must appoint a nominations committee consisting of five individuals who are members of the Co-operative and such appointees to the nominations committee must be:
 - (a) directors;
 - (b) members of the Co-operative other than directors; or
 - (c) a combination of the persons described in Rules 13.01(a) and (b),
 - provided that any member who is standing for election must not be appointed to the nominations committee.
- 13.02 The nominations committee must:
 - (a) under guidance from the directors, determine and communicate to members in advance of each annual election the desired qualifications, experience and other attributes needed for directors of the Co-operative;
 - (b) before the close of nominations, and only to the extent deemed necessary by the directors acting in their sole discretion, identify and recruit candidates having the qualifications, experience and other attributes necessary to stand for election; and
 - (c) conduct such other matters as are set out in this or other sections of these Rules or as may be assigned by the directors.
- 13.03 The nominations committee will receive and review all candidate nominations to ensure each complies with the Act, these Rules and any applicable policies of the Co-operative, and will report the outcome of the review to the directors. Any non-compliant nomination will be rejected by the directors and returned to the candidate with reasons for rejection.
- 13.04 Under the guidance of the directors, the nominations committee will manage the process for the election of directors and ensure that each election is conducted in accordance with the Act, these Rules and any applicable policies of the Co-operative set under Rule 12.16.
- 13.05 Subject to Rule 12.07, and based on recommendations from the nominations committee, the directors must recommend for election no less than the number of candidates that equals the number of vacant positions plus one and no more than the number of vacant provisions multiplied by three.
- 13.06 The ballot for each election of directors will include the following candidates for election as directors of the Co-operative:
 - (a) candidates nominated by five other members and whom the directors wish to recommend for election; and
 - (b) other candidates nominated by five other members who meet the minimum desired qualifications, experience and other attributes for directors, as determined by the directors as per its authority set out in these Rules and the policies of the Co-operative.
 - All nominations for candidates who do not meet the minimum desired qualifications, experience and other attributes for directors, as determined by the directors as per its authority set out in these Rules and the policies of the Co-operative, will be rejected. Decisions of the directors pursuant to this Rule 13.06 will be final and binding on the Co-operative and the candidates. Any candidate who is rejected pursuant to this Rule 13.06 must be provided with reasons for rejection.
- 13.07 Upon determination of the candidates to be included in each election, the nominations committee will provide a list of such candidates to the election auditor.
- 13.08 Under the guidance of the directors, the nominations committee may conduct additional due diligence with respect to candidates for election as directors, and may require that, in addition to compliance with Rule 11.03, all or particular candidates provide additional information, provide consents to the release of information by governmental authorities and information bureaus to the Co-operative, and be interviewed by the nominations committee or its designated representative. All due diligence conducted by the nominations committee will be conducted in compliance with applicable laws, will respect the privacy of the candidates, and will be limited to information relevant to determining the qualification and suitability of each candidate to serve as a director of the Co-operative.
- 13.09 Under the guidance of the directors, the nominations committee will be responsible for the preparation of the election materials to be circulated to members and posted on the Co-operative's website. The nominations committee may include in the election materials information, statements or designations as to those candidates who have been recommended by the directors (collectively, "recommended candidates"). The nominations committee may accord greater prominence to recommended candidates in the election materials provided that the election materials must contain substantially the same type and amount of information regarding each candidate.
- 13.10 The nominations committee will appoint a person to attend and witness any drawing of lots required in connection with an election of directors.

14. Appointment and duties of the election auditor

- 14.01 The directors must appoint an election auditor each year prior to the commencement of the election of directors.

- 14.02 The election auditor may be the Co-operative's auditor, a firm of accountants, a trust company, or any other firm which is able to carry out the duties of an election auditor.
- 14.03 The election auditor must:
 - (a) preside over any necessary drawing of lots,
 - (b) receive, validate and count all votes cast for the election of directors and in respect of any resolutions to be voted on by the members prior to or at any general meeting,
 - (c) perform the audit and verification procedures which in the election auditor's opinion are necessary to validate the methods and process of the election of directors and voting on any resolution, and
 - (d) issue an opinion that the election and any votes on any resolutions were conducted in compliance with the Co-operative's Rules and applicable policies or alternatively declare the election or any vote invalid if in the election auditor's opinion there were material irregularities in any aspect of the election or vote.
- 14.04 The election auditor must not disclose to any person how any member voted.
- 14.05 If the election auditor issues an opinion pursuant to Rule 14.03(d) that the election and votes on any resolutions were conducted in compliance with the Co-operative's Rules and applicable policies, then the election auditor must:
 - (a) as soon as practicable, notify each candidate of whether or not the candidate was elected, and notify the directors of the result of the election; and
 - (b) at the applicable general meeting, announce to the meeting the results of the vote on the applicable resolutions.
- 14.06 The election auditor must announce the result of the election, including the number of votes received by each candidate, at the annual general meeting.

15. Meetings and functions of directors

- 15.01 The quorum for a meeting of directors is five directors present at all times.
- 15.02 There must be at least four meetings of the directors each year.
- 15.03 A person may participate in a meeting of the directors or a committee by electronic means. Each participant in such a meeting must be able to communicate with all the others, and is deemed to be present, and to have agreed to participate.
- 15.04 The directors must:
 - (a) elect a chair and a vice chair,
 - (b) appoint a chief executive officer,
 - (c) set the powers and duties of the chair, and
 - (d) set the title, remuneration, powers, and terms of employment of the chief executive officer.
- 15.05 The directors may appoint other officers and set their duties, and may remove any such officer at any time by a resolution passed by a simple majority of the directors. For the purposes of this Rule 15.05, "officer" means a director who is appointed as Chair or in a similar capacity and the chief executive officer of the Co-operative, but does not include other senior management of the Co-operative.
- 15.06 The term of office of officers who are directors is one year, unless such an officer resigns or is removed by a resolution of the directors pursuant to Rule 15.05.
- 15.07 A resolution approved in writing by at least two-thirds of the directors is as valid as if it had been passed at a directors' meeting. Approval may be by facsimile, electronic mail, or similar method, provided that it is recorded and verifiable.

16. Restriction on employment of a former director

- 16.01 A person may not become an employee, supplier, or contractor of the Co-operative within one year after ceasing to hold office as a director. A corporation, partnership or other business organization may not become a supplier or contractor of the Co-operative within one year after any person who has a twenty percent or greater ownership interest, whether as shareholder, partner or otherwise, in such corporation, partnership or other business organization ceases to hold office as a director, provided that this provision shall not require the Co-operative to terminate any pre-existing business relationship.
- 16.02 A person who is appointed as an advisory member of a committee of directors does not, by virtue of that appointment, become a director, employee, supplier or contractor of the Co-operative for the purposes of these Rules.

17. Indemnification of directors and officers

- 17.01 The Co-operative must indemnify the directors and officers to the maximum extent permitted by the Act.

18. Financial

- 18.01 The directors may, without the authority of a special resolution, cause the Co-operative to borrow money, and to secure the repayment of money borrowed by means of a charge on all or part of its assets and undertaking.
- 18.02 An auditor must be appointed by ordinary resolution at every annual general meeting, but the directors may appoint an auditor to fill a vacancy arising between meetings. The remuneration of the auditor will be set by the directors, provided that the members have by ordinary

resolution authorized the directors to do so.

- 18.03 At every annual general meeting, the directors must present the financial statements required by the Act.
- 18.04 The Co-operative must, on request by a member, but no more than once a year, provide a copy of the Co-operative's latest financial statements and the auditor's report on them to the member.
- 18.05 The directors may invest all or part of the funds and assets of the Co-operative in such manner and on such terms as they deem in the best interests of the Co-operative.

19. Dispute resolution

- 19.01 This Part 19 applies to a dispute arising out of the affairs of the Co-operative which involves a member, a candidate, a director, the Co-operative, or any combination of them, including a dispute under these Rules. This Part 19 does not apply to a dispute between the Co-operative and an employee, supplier, or contractor.
- 19.02 A person claiming that a dispute has arisen must, not more than one year after the person became aware, or ought to have become aware, of the circumstances which the person alleges gave rise to the dispute:
 - (a) give notice of the dispute to the Co-operative, and
 - (b) provide the Co-operative with a written summary of the dispute and the remedy sought.
- 19.03 The parties to a dispute may agree to resolve it through informal dispute resolution, mediation, a sole arbitrator, or other appropriate process. If the parties do not agree to a method of dispute resolution, the provisions set out below must be followed.
- 19.04 The parties must establish an arbitration committee of three volunteers.
- 19.05 Each party must choose one appointee to the arbitration committee within 60 days of notice being received by the Co-operative.
- 19.06 The two initial appointees must choose the third person, who must chair the committee, within 30 days after their appointment.
- 19.07 The arbitration committee must not include any person who is, or is claimed to be, a party to the dispute.
- 19.08 The chair of the arbitration committee must declare all personal, employment or business relationships with any party before being chosen.
- 19.09 The Co-operative must provide a written summary of its position on the dispute to the other party within 60 days of receiving notice, and to the arbitration committee as soon as it is convened.
- 19.10 Each party may make oral submissions to the arbitration committee, personally or through a representative.
- 19.11 If the parties do not otherwise agree, the arbitration committee will sit at the Co-operative's place of business closest to the residence of the person claiming the dispute.
- 19.12 The arbitration committee may:
 - (a) determine its own procedure, and
 - (b) reach decisions by majority vote,
- 19.13 The arbitration committee shall not have any jurisdiction or ability to grant any remedy or reach any decision that obligates or otherwise requires the Co-operative to revise, amend or change these Rules.
- 19.14 The arbitration committee must:
 - (a) hear the dispute within 60 days after the chair is chosen,
 - (b) come to a decision as soon as reasonably possible, and
 - (c) immediately inform the parties of the decision.
- 19.15 The decision of the arbitration committee is final and binding on the parties.
- 19.16 Unless the arbitration committee decides otherwise, the parties must bear their own costs.
- 19.17 If a party fails to comply with the provisions of this Part 19, that party must accept as the final decision the position submitted by the other party under Rule 19.02(b) or Rule 19.09.

20. Notices, service, and seal

- 20.01 Any notice that must be given to the Co-operative must be in writing, and may be given by:
 - (a) delivering it to the registered office, or
 - (b) mailing it to the registered office by prepaid mail, or
 - (c) sending it by facsimile transmission to a telephone number provided for that purpose, or
 - (d) delivering it as is otherwise required or permitted by the Act or these Rules.
- 20.02 Any notice, materials or other documents which must be given, provided or served by the Co-operative may be given, provided or served by:
 - (a) mailing it or them by registered mail to the last known address of the intended recipient, as recorded in the register of members or other record of the Co-operative, or
 - (b) personal service, or

- (c) facsimile, electronic mail, or similar transmission, or
- (d) posting on the Co-operative's website, or
- (e) as is otherwise required or permitted by the Act or these Rules.
- Any notice, material or other document given, provided or served in accordance with this Rule 20.02 is deemed received on the second day, not including Sundays and statutory holidays, after the date such notice, material or other document is mailed, served, sent or posted in the manner provided for in this Rule 20.02.
- 20.03 The directors must provide for the safe custody of the seal.
- 20.04 The seal must not be impressed on any instrument unless that impression is attested to by the signature or signatures of:
 - (a) any two officers,
 - (b) an officer and the Board Chair, Vice-Chair or Treasurer, or
 - (c) one or more directors, officers or other persons as determined by resolution of the directors.
- 20.05 If the directors have not adopted a seal for the Co-operative, instruments may be executed on behalf of the Co-operative by the persons specified in Rule 20.04.

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