

RULES OF THE B.C. CRAFT FARMERS CO-OP

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PART 1 — INTERPRETATION

Definitions

1. In these rules:
 - a. "**Act**" means the *Cooperative Association Act* of BC from time to time in force and all amendments to it and "Call", "Director", "Special Resolution", "Memorandum", "Officer", "Member", "Eligible Organization" and "Rules" have the meaning assigned to them by the Act;
 - b. "**adjourned meeting**" means the meeting to which a meeting is adjourned;
 - c. "**Association**" means BC Craft Farmers Co-op;
 - d. "**board**" or "**directors**" mean the directors of the Association for the time being;
 - e. "**consensus**" means a decision made to which all parties explicitly agree to being implemented;
 - f. "**Cultivation**": to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis;
 - g. "**member**" means a member of the Association;
 - h. "**regulation**" means the regulation under the *Cooperative Association Act* as made and amended from time to time;
 - i. "**Rules**" means these Rules and all amendments, additions, deletions or replacements from time to time in force and effect.

Cooperative Association Act definitions apply

2. Subject to Rule 1, words and expressions defined in the Act as they read on the date these Rules become applicable to the Association apply to these Rules, with the necessary changes, so far as applicable.

Interpretation

3. Words in the singular form include the plural and vice versa and words importing a specific gender include all genders and eligible organizations.

Cooperative Association Act governs

4. If there is a conflict or inconsistency between the Act and the Rules, the Act governs.

PART 2 — MEMBERSHIP

Open membership

5. Membership in the Association is open in a non-discriminatory manner to individuals and eligible organizations that can use the services of the Association and are willing and able to accept the responsibilities of membership.

Application for membership

6. An individual or eligible organization that wishes to become a member must submit to the Association a written application for membership in the form provided by the Association for that purpose, payment for the minimum number of membership shares required under Rule 12 for membership in the Association and an annual membership fee determined by the Board but not to exceed \$500.

Probationary Period

7. The board of directors shall fix, and from time to time amend in policy, a probationary period for Micro-Cultivator and Processor Member applicants, as well as Retail Member applicants, during which time the applicant does not have rights or responsibilities of membership.

Age qualification

8. To be eligible for membership in the Association, an individual must be at least 19 years of age.

Minimum share requirement

9. Subject to Rule 12. Each member must, as a condition of membership, subscribe to at least 1 membership share.

Approval of application

10. The directors may approve or refuse an application for membership and may postpone consideration of an application for membership.

Effective date of membership

11. Membership is effective on the day that the application for membership is approved under Rule 10.

Classes of Membership

12. On approval of membership, the directors shall assign each member to a membership class, and the member shall assume the rights and responsibilities hereby assigned to that class.

MEMBERSHIP CLASS	DESCRIPTION	RIGHTS and RESPONSIBILITIES
BC Micro-Cultivators and BC Processors	<ul style="list-style-type: none"> ● Health Canada licensed medical cannabis cultivator in BC ● Health Canada licensed micro-cultivator in BC ● Health Canada licensed processor based in BC serving micro-cultivators ● Health Canada licensed outdoor cultivator ● Health Canada licensed cannabis testing laboratory based in BC ● Health Canada licensed nursery based in BC ● Any British Columbian that has expressed an interest in joining the legal marketplace and initiating an applicable Health Canada license application for any of the above categories 	<ul style="list-style-type: none"> ● Shall purchase 1 membership share upon approval of membership ● Receive dividends ● Together may elect up to 6 directors to the co-op board from their membership category
BC Retailers	<ul style="list-style-type: none"> ● Any BC approved independent cannabis retailer interested in selling products from BC micro-cultivators and processors ● Any individual that has expressed an interest in joining the legal marketplace and initiated a formal retail application to the Province of BC 	<ul style="list-style-type: none"> ● Shall purchase 1 membership share upon approval of membership. ● Receive dividends ● Together may elect 1 director to the co-op board from their membership category
Founding Members	<ul style="list-style-type: none"> ● Signatories to the Memorandum of Association 	<ul style="list-style-type: none"> ● Shall purchase 1 membership share upon approval of membership ● Receive dividends ● Together may elect 1 director to the co-op board from their membership category

Withdrawal from membership

- 13.** A member may withdraw from membership in the Association by:
- a. giving written notice to the directors of the member's intention to withdraw, and
 - b. surrendering any share certificates in respect of membership shares and, if applicable, investment shares

Effective date of withdrawal

- 14.** The membership of a member ceases on the date the member has complied with the requirements of Rule 13.

Notice of death of individual member

- 15.** Notice to the Association of the death of an individual member has the same effect as a notice of intention to withdraw.

Notice of liquidation or dissolution of eligible organization member

- 16.** Notice to the Association of the liquidation or dissolution of a member that is an eligible organization has the same effect as a notice of intention to withdraw.

Grounds for termination of membership

- 17.** In accordance with the Act, the Association may terminate the membership of a member by a resolution of the directors passed at a meeting by at least 3/4 of all the directors if:
- a. the member has engaged in conduct detrimental to the Association, its members or its clients;
 - b. in the opinion of the directors, the member has violated the Association's Code of Conduct;
 - c. the member has not paid money due by the member to the Association within 90 days after receiving written notice to do so from the Association;
 - d. in the opinion of the directors, based on reasonable grounds, the member:
 - i. has breached a material condition of an agreement with the Association, and
 - ii. has not rectified the breach within a reasonable time after receiving written notice to do so from the Association.

[CAA, 2007, section 34]

Appeal of termination of membership

- 18.** The right of appeal of a person whose membership in the Association is terminated for a reason set out in Rule 17 (a) to (d) is governed by the Act.

[CAA, 1999, section 37]

Effect of termination, withdrawal or other cessation of membership

- 19.** 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 Association to redeem, in accordance with Rule 42 or 43, whichever is applicable, the member's membership shares and, if applicable, investment shares. The cessation of membership does not release the former member from any debt or obligation owed to the Association unless the instrument of debt or obligation states otherwise.
- 20.** A member which is an eligible organization shall designate in writing a person to be its authorized representative, and may by written notice to the Association revoke the designation and appoint another person as its representative. A member which is an eligible organization is entitled to speak and vote through its authorized representative.

Part 3 — Share Structure

Membership shares

- 21.** The Association will have one class of membership shares, with a par value of \$25.00 each, and with the redemption and dividend rights set out in these Rules. Each member shall have one vote, regardless of the number of membership shares held.

Investment shares

22. The Association may issue the class of investment shares set out in Column 1, below, with the special rights and restrictions set out opposite in Column 2.

COLUMN 1 Class of Investment Shares	COLUMN 2 Special rights and restrictions
Class A Investment Shares	<ul style="list-style-type: none">● Class A investment shares will be sold to members and non-members of the Association.● Subject to the Act, the holders of the Class A investment shares shall, in the absolute discretion of the directors, be entitled to receive and the Association shall pay out monies of the Association properly applicable to the payment of dividends, those dividends as may be declared from time to time in respect of the Class A investment shares.● The directors may declare dividends on the investment shares to the exclusion of the membership shares.● Subject to the Act, in the event of a liquidation, dissolution or wind-up of the Association, the holders of the Class A investment shares shall be entitled to receive equally on a per share basis an amount of the proceeds and assets of the Association, as the directors of the Association, in their discretion, may determine.● The investment shares are redeemable by the Association in accordance with Rule 38 of these Rules.● Except as otherwise provided in the Act, the investment shares do not confer upon the holders thereof the right to vote at a general meeting.

Part 4 — Payment for Shares

23. Except as provided in this Part, the Association must not issue or allot membership or investment shares unless the shares are paid for in accordance with the Act.

24. Membership shares may be payable on call.

Calls on unpaid amount of membership shares

25. The directors may make calls on the members for any of the money unpaid on membership shares and a call is deemed to have been made at the time when the resolution of the directors authorizing the call was passed.

Interest on unpaid call

- 26.** If a call is not paid on or before the date set for payment by the resolution referred to in Rule 28, the member from whom the money is due on call must pay interest on the unpaid amount of the call at the rate of 8% per year from the date set for payment until the date of payment.
- a. The interest that accumulates under Rule 26 is a debt due to the Association.
 - b. The directors may waive payment of interest due under sub rule (30a).

Dividends or interest on membership shares

- 27.** Payment of dividends or interest on membership shares that are not fully paid is governed by the Act.

[CAA, 1999, section 54]

Notice requiring payment of call

- 28.** If a member fails to pay a call on or before the date set for payment by the resolution referred to in Rule 26, the directors may, at any time after that date, serve a notice on the member requiring payment within 14 days from the date of service of the unpaid amount of the call together with any interest that accrues under Rule 26.

Failure to comply with notice

- 29.** If a member on whom or on which a notice has been served under Rule 28 does not make the payment required by that notice in the time specified, the share in respect of which the notice is given may be forfeited to the Association by a resolution of the directors.

Effect of forfeiture

- 30.** Sub rules (a-c)
- a. A forfeiture under Rule 29 is effective on the date that the directors make the resolution referred to in that Rule.
 - b. A member whose share has been forfeited in accordance with a resolution under Rule 29 ceases to be a member in respect of the forfeited share and the directors may strike the member's name from the register of members and cancel the share certificate in respect of the forfeited share.
 - c. A forfeited share may be sold or otherwise disposed of on terms and in a manner determined by the directors and, at any time before a sale or disposition, the forfeiture may be cancelled on terms determined by the directors.

Part 5 — Share Certificates

- 31.** The Association will not issue membership share certificates, in accordance with the Act.
[CAA, 1999, section 57]

Form of share certificate

32. Every investment share certificate issued by the Association must comply with the Act and be in a form approved by the directors.

[CAA, 1999, sections 58, 216]

Manual signing of share certificates

33. Each investment share certificate issued by the Association must be signed by at least one director or officer of the Association.

Lost or destroyed certificates

34. If an investment share certificate is lost, stolen or destroyed, the Association must cancel the certificate and issue a new certificate to the person entitled to the lost, stolen or destroyed certificate a new investment share certificate as a replacement if

- a. the Association has no notice that the lost, stolen or destroyed certificate has been acquired by a purchaser for value who entered into the transaction honestly and without notice of any adverse claim, including a claim that a transfer was or would be wrongful,
- b. the directors are satisfied that the certificate is lost, stolen or destroyed,
- c. the Association receives payment of the reasonable fee, if any, required by the directors for the issue of a replacement certificate, and
- d. the Association receives the indemnity, if any, the directors consider appropriate.

Part 6— Transfer of Shares

35. Membership shares and investment shares are non-transferable, except in the case of the death of a membership or investment shareholder, or, with the approval of the directors, to another member or investment shareholder.

36. The person entitled to the membership or investment shares of a deceased member may, on providing proof satisfactory to the directors of the death of the member and the person's entitlement,

- a. if the person is not a member, apply under Part 2 for membership in the Association,
- b. if the person is a member, request that the directors register the membership and investment shares in the member's name, or
- c. apply to the directors to redeem the shares.

Registration of membership share prohibited if person entitled is not a member

37. The Association must not register a membership share in the name of the person entitled to a deceased member's shares unless

- a. that person is a member, and
- b. the transfer has been authorized by the directors.

Redemption of shares

38. If the person entitled to the membership share or investment share of a deceased member does not qualify for membership under Part 2 or the directors do not authorize the transfer of shares to that person, the Association must, subject to the Act and to Rule 39(2), redeem those shares by paying to that person:

- (a) within 5 months of the date on which the person provided the Association with proof of their entitlement, the amount paid up on the membership shares, and
- (b) within 2 years of the date on which the person provided the Association with proof of their entitlement, the amount paid up on the investment shares.

[CAA, 1999, section 66]

Part 7 — Redemption of Shares

Association authorized to purchase and redeem shares

39.

(1) Subject to the Act, these Rules and the special rights and restrictions attached to any class of shares, the Association may, by a resolution of the directors, redeem any of its shares at the price and on the terms specified by the resolution.

(2) The Association shall not be obliged to redeem more than 10% of the issued and outstanding shares of any class in any fiscal year. If redemption requests are received for more than 10% of the issued and outstanding shares of any class in any fiscal year, the Board may accept requests for redemption on a first come, first served basis, or on such other basis as the Board, at its discretion, thinks is fair and equitable.

[CAA, 1999, section 66]

Redemption of shares to be made ratably

40. If the Association proposes, at its option, to redeem some but not all of the shares of any class of shares, it must make its offer ratably to every shareholder who holds shares of that class of shares. A redemption of shares under sub rule (1) must be made on a fair and equitable basis.

Sale and voting of redeemed shares

41. Subject to the Act, the Association may sell any share redeemed by it, but, while the Association retains the share, the Association must not exercise any vote, or pay or make any dividend or other distribution, in respect of that share.

Redemption of shares on withdrawal of membership

42. Subject to the Act and to Rule 39(2), if a member withdraws from membership, the period within which the Association must redeem the membership shares of the former member is 5 months from the effective date of the withdrawal, and the period within which the Association must redeem the investment shares of the former member is 2 years.

[CAA, 1999, section 38]

Redemption of shares on termination of membership

43. If the Association terminates the membership of a member under Rule 17, the Association must redeem the shares of the member in accordance with the Act.
[CAA, 1999, section 38]

Redemption of shares on death or insolvency

44. Subject to the Act, if the Association receives notice of a member's death or insolvency in accordance with Rule 15, the Association must redeem the membership shares and investment shares of the member in accordance with the Act, and within 4 years from the date upon which the Association receives that notice.

Amount paid on redemption

45. A member is entitled to the amount paid up on the par value of a membership share on redemption by the Association under this part.

Part 8 — Register of Members and Register of Investment Shareholders

46. The Association must keep and maintain a register of members and a register of investment shareholders in accordance with the Act. It is the responsibility of members to provide the Association with updated contact information required for the register of members.
[CAA, 1999, section 124]

Part 9 — General Meetings of the Association

Annual general meetings

47. The Association must hold its first and subsequent general meetings within the time provided by the Act.
[CAA, 1999, section 143]

Business at annual general meeting

48. At the first general meeting and at each annual general meeting the following business must be considered:

- a. report of the directors;
- b. financial statement;
- c. auditor's report, if applicable;
- d. election or appointment of directors;
- e. appointment or waiver of appointment of an auditor

Order of business at annual general meeting

49. The order of business at the first general meeting and at annual general meetings, to the extent appropriate in the circumstances, must be as follows:

- a. meeting to be called to order;
- b. notice convening meeting to be read;
- c. minutes of preceding annual general meeting to be read and adopted or amended and adopted as required;
- d. business arising out of minutes to be considered;
- e. reports of standing and special committees to be read;
- f. financial statement to be placed before the meeting;
- g. reports of directors and auditors to be read;
- h. election of directors and appointment of auditors;
- i. special business to be considered;
- j. unfinished business to be considered;
- k. new business to be considered.

Special business

50.

- a. Any business other than business listed in Rule 48 is special business.
- b. Special business must be approved by ordinary resolution of the members unless the Act or these Rules require otherwise.

Special meetings

51.

- a. The calling of a special general meeting by the directors, either on their own initiative or in response to a requisition by the members, must be in accordance with the Act.
- b. The requisitioning of a special general meeting by the members must be in accordance with the Act.
- c. The directors may determine the order of business at a special general meeting.

[CAA, 1999, sections 150, 151, 152]

Time and place of general meetings

52. General meetings must be held at the time and place in British Columbia that the directors specify.

[CAA, 1999, section 148]

Provision for 2 or more meetings for the same matters

53.

- a. If it is not possible to hold one general meeting at a time when, or place where, a large portion of the membership is able to attend, 2 or more general meetings may be held at the times and the places in British Columbia that the directors specify in accordance with the Act.
- b. Votes taken at meetings referred to in sub rule (53a) must be by secret ballot.
- c. The sum of the total votes taken at the meetings referred to in sub rule (53a) determine whether a resolution considered at those meetings is adopted or rejected.

[CAA, 1999, section 144]

Record Date

54. The record date for any general meeting is the 30th day before the date of the meeting of members. Only those members whose names are entered on the register of members on the record date are entitled to vote at the general meeting.

Notice of general meetings of the Association

55. Notice of general meetings must be given to members and to the auditor of the Association, if any, in accordance with the Act.

[CAA, 1999, sections 122, 146]

Financial statement

56. A copy of the financial statement to be placed before a general meeting must be provided to the members at least 14 days before the date set for the meeting.

Notice of special business

57. If special business is to be considered at a general meeting, the notice of the meeting under Rule 55 must state the nature of the special business in sufficient detail to permit a member to form a reasoned judgment concerning the business.

Notice of special resolution

58.

- a. If a special resolution is to be proposed at a general meeting, the notice under Rule 55 of that meeting must include
 - i. the full text of the special resolution, or,
 - ii. if the full text of the special resolution is too lengthy for convenient inclusion in the notice, a summary of the text in sufficient detail to permit a member to form a reasoned judgment concerning the special resolution.
- b. If a notice under Rule 55 contains a summary of the text of a special resolution as provided in sub rule (58a) (ii.), the notice must also state the place where the full text of that special resolution can be read or copied.

Notice of adjourned meeting

59. If a general meeting is adjourned for fewer than 30 days, it is not necessary to give notice of the adjourned meeting other than by announcement at the first meeting that is adjourned, but if a general meeting is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting must be given in the same manner as for the original meeting.

Manner of giving notice

60. The notice and financial statement required to be provided to members under this Part must be given in a manner permitted in Part 21 of these Rules.

Meeting valid despite failure to give notice

61. The accidental omission to give notice of any general meeting to, or the non-receipt of any notice by, a member or person entitled to receive notice does not invalidate any proceedings at that meeting.

Attendance and speaking at General Meetings

62.

- a. A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- b. A person is able to exercise the right to participate in decision making at a general meeting when
 - i. that person is able to participate in decision making during the meeting on resolutions raised at the meeting, and
 - ii. that person's participation in the decision making process can be taken into account in determining whether or not such resolutions are passed at the same time as the decision is being made by all the other persons attending the meeting.
- c. The co-op in general meeting may make whatever arrangements it considers appropriate to enable those attending a general meeting to exercise their rights to speak or participate in the decision making at it.
- d. In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- e. Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and participate in decision making at that meeting, they are (or would be) able to exercise them.

Quorum

63. The quorum for general meetings may be fixed from time to time by a decision of the co-op in general meeting, but it must never be less than fifty members or 25% of the total number of members entitled to vote at the meeting, whichever is less.

Requirement of quorum

64. No business, other than the appointment of a Chair and the adjournment of the meeting, may be transacted at any general meeting unless a quorum is present at the commencement of the meeting, and if at any time during the meeting there ceases to be a quorum present any business then in progress is suspended until there is a quorum present or until the meeting is adjourned or terminated as the case may be.

Lack of quorum

65.

- a. If, within one hour from the time appointed for a general meeting, a quorum is not present, the meeting,
 - i. If convened by requisition of members, must be dissolved, and
 - ii. in any other case, stands adjourned to the same day in the next week at the same time and place, unless the place of meeting is changed out of necessity.
- b. If at the adjourned meeting referred to in sub rule (65) (ii) a quorum is not present within 1/2 hour from the time appointed, the members present in person or represented by proxy are deemed to constitute a quorum.

Chair

66. Subject to Rule 67, the president or, in the absence of the president, the vice-president of the Association, must preside as chair at every general meeting, or unless otherwise determined by the directors.

Adjournments by Chair

67. The Chair of a general meeting may, and if so directed by the members must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Secretary

68. The directors at a general meeting must appoint a member to act as secretary/recorder at the meeting.

Minutes of meetings

69. The secretary must record the minutes of all resolutions and proceedings at a general meeting.

Persons entitled to be present

70. The only persons entitled to be present at a general meeting are those entitled to vote at that meeting, the auditor of the Association, if any, and others who are entitled or required under any provision of the Act or these Rules to be present.

Other persons may be admitted

71. A person who is not entitled to be present at a general meeting under Rule 70 may be admitted to a meeting only on the invitation of the Chair or with the consent of the members at the meeting.

Meetings by audio or video conference

72. The Association may permit members to participate in general meetings and vote by telephone or other communications in accordance with the Act.
[CAA, 1999, section 149]

Part 10 — Decisions at general meetings

Actions to be determined by ordinary resolution

73. At a general meeting, every motion will be decided by consensus. If, in the opinion of the Chair consensus cannot be reached, the motion must be determined by ordinary resolution unless otherwise required by the Act or these Rules.

Part 11 — Meetings of Investment

Shareholders Rules relating to general meetings apply

74. Subject to the Act and these Rules, the Rules relating to general meetings apply, with the necessary changes and so far as they are applicable, to a meeting of investment shareholders and a meeting of investment shareholders holding shares of a particular class of investment shares.

Notice of meeting of investment shareholders

75. Notice of a meeting of investment shareholders, or of investment shareholders of a particular class of investment shares, must be given in accordance with the Act or in a manner permitted in Part 21 of these Rules.
[CAA, 1999, sections 146, 147]

Part 12 — Voting Rights of Members and Investment Shareholders

Shareholders Voting rights and restrictions

76. The right of a member to vote at a general meeting and of an investment shareholder to vote at a meeting of investment shareholders or of investment shareholders holding shares of a particular class of investment shares, and the restrictions on those rights, are governed by the Act.
[CAA, 1999, sections 40, 41, 42, 59, 60, 61]

Proxy voting at a general meeting

78. Proxy voting at a General Meeting shall not be permitted

Part 13 — Directors

Duties of Directors

79. The directors must manage the Association in accordance with the responsibilities, duties and powers set out in the Act, the regulation, the memorandum and these Rules.

[CAA, 1999, Part 6, Divisions 1, 2, 3]

Number of directors

80. The Association must have,

- a. At least 5 directors, and
- b. not more than 9 directors.
- c. The number of directors may be changed within the limits set out in sub rules (80a) and (80b) by ordinary resolution of the members.

[CAA, 1999, section 72]

Part 14 — Election, Appointment and Removal of Directors

Election at annual general meeting

81. An election of directors must be held at each annual general meeting to replace those directors whose terms of office have expired or will expire at the end of the meeting in accordance with Rule 88.

Nomination of candidates

82. The directors will set a date for the close of nominations for each election and will give no less than 8 weeks' notice of such date to members. Nominations must be submitted to the Association in accordance with applicable policies of the Association. No nominations of candidates for election of directors in any election will be accepted after the close of nominations.

Voting by secret ballot

83. If the number of nominees in an election for directors exceeds the number of directors to be elected at the election, the election must be by secret ballot.

Candidates declared elected

84. If the number of candidates nominated for director is equal to the number of directors to be elected, those nominated candidates are declared elected and no election is required.

Directors elected according to number of votes

85. In an election of directors, the chair must declare elected the candidates who received the highest number of valid votes up to the number of directors to be elected.

If 2 or more candidates receive equal number of votes for last vacancy

- 86.** If 2 or more candidates receive an equal number of votes for the last vacancy on the board and it is not practical to hold a run-off election at the meeting,
- a. the directors who have already been elected in the election, and
 - b. the directors whose terms of office will not expire at the end of the meeting at which the election is held must determine which of those candidates is to be elected.

Consent to act as director

- 87.** For the election or appointment of a director to be valid, consent of the candidate must be provided in accordance with the Act.

[CAA, 1999, section 74]

Staggered terms of office of directors

- 88.** In this section, "**1st annual general meeting**" means the first general meeting of the Association.
1. The term of office of a director ends at the end of the annual general meeting at which a replacement is elected.
 2. A reduction in the number of directors under Rule 80 does not affect the unexpired term of a director in office.
 3. In the election of directors held at the 1st annual general meeting, all directors must be elected for a term ending at the 2nd annual general meeting.
 4. In the election of directors held at the 2nd annual general meeting, and each subsequent annual general meeting, the length of term of office for each vacant position will be 2 years.

Effect of vacancy on ability of directors to act

- 89.** Despite any vacancy on the board, the continuing directors
- a. if and so long as the number of continuing directors constitutes a quorum of the board, may continue to function without filling the vacancy and may appoint a qualified member to fill the vacancy, or
 - b. if the number of continuing directors does not constitute a quorum of the board, may appoint directors for the purpose of increasing the number of directors to a quorum or to call a general meeting and for no other purposes.
- 90.** Except in the circumstances described, the directors are not entitled to fill a vacancy on the board that is caused by either an increase in the number of directors under Rule 80 or a failure to elect the minimum number of directors required by these Rules.

91. In the circumstances described in sub rule (88) (b) or when there are vacancies on the board as a result of an increase in the number of directors under Rule 80 or a failure to elect the minimum number of directors required by these Rules, the board must call, as soon as practicable, a general meeting to fill the vacancy.

- a. The term of office of a director appointed under sub rule (88) (a) is the unexpired portion of the term of office of the individual whose departure from the office created the vacancy.
- b. The term of office of a director appointed under sub rule (86) (a) or (b) is until the vacancy is filled under sub rule (3).
- c. If, as the result of a vacancy, there are no directors of the Association, members may, by ordinary resolution or by an instrument in writing signed by a simple majority of members, appoint a qualified individual as director solely for the purpose of calling a special general meeting to fill the vacancies on the board.

Directors eligible for election or appointment again

92. A person whose term as director is ending is eligible for re-election or reappointment for up to 2 consecutive terms. After that, the person must vacate the Board for a year before being eligible again for election.

Director ceasing to hold office

93. A director ceases to hold office in accordance with the Act and these Rules.
[CAA, 1999, section 80]

Removal of director

94. The Association may by special resolution remove any director before the expiration of their term of office and may by an ordinary resolution fill the vacancy created by the removal.

Part 15 — Meetings of Directors

Meetings of directors

95. Subject to the Act and these Rules, the directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they consider appropriate. The board must meet at least 6 times per year.
[CAA, 1999, section 77]

Time and place of meetings

96. Meetings of the board must be held at the time and place in British Columbia that the board determines is appropriate, and if the board does not determine the time and place, the president of the Association or any two directors may make that determination.

Who may call meetings

97. A director may, and the secretary of the Association on request of a director must, call a meeting of the directors at any time.

Notice of meeting

98.

- a. Subject to Rules 99, 100, 101, 102, and 103, at least 7 days' notice of a meeting of the directors, specifying the place, date and hour of the meeting, must be given to each director and is sufficiently given if provided
 - i. by personal delivery,
 - ii. by mail addressed to the director's address as it appears in the register of directors,
 - iii. by leaving it at the director's usual business or residential address,
 - iv. by email or any other method of transmitting legibly recorded messages or
 - v. by telephone to the director's telephone number as provided by the director.
- b. A notice of a meeting of directors must specify the purpose of, or the business to be transacted at, the meeting if the meeting is called to deal with an emergency or any of the following matters:
 - i. a question or matter requiring approval of the members;
 - ii. filling a vacancy on the board;
 - iii. filling a vacancy in the office of auditor;
 - iv. issuing shares;
 - v. declaring patronage returns or dividends on shares;
 - vi. redeeming shares issued by the Association;
 - vii. approving a financial statement of the Association;
 - viii. making decisions that by the Act or these Rules are required to be made by a vote of greater than a majority of the directors.
- c. A notice mailed under sub rule 98 (a) (ii) is deemed received on the fourth day, not including weekends and holidays, after the date of mailing.
- d. A notice given in accordance with sub rule 98 (a) (iii) is deemed received when it is delivered.
- e. A notice given under sub rule 98 (a) (iv) is deemed received at the time the email or other electronic transmission is sent.
- f. A notice given under sub rule 98 (a) (v) is deemed received at the time the information is provided by telephone.

Meeting of new board

99. If a quorum of directors is present, the directors newly elected at an annual general meeting and the directors whose terms of office do not expire at the end of the meeting may hold a board meeting immediately after that meeting without notice.

Regular meetings

100.

- a. The board may, by resolution, appoint a day or days in any month or months for regular board meetings at the places and times specified by the board.
- b. A copy of the resolution under sub rule 98 (a) must be sent to each director immediately after being passed, and no other notice is required for any regular board meeting, unless the Act or these Rules require that the purpose of the meeting or the business to be transacted at it be specified in a notice.

Notice of emergency meeting

- 101.** In an emergency, any one director of the Association may call a meeting of the directors by giving each director at least 48 hours written or oral notice of the meeting.

Notice of adjourned meeting

- 102.** Notice of an adjourned meeting of directors is not required if the time and place of the adjourned meeting is announced at the original meeting.

Meeting valid despite failure to give notice

- 103.** The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, a director does not invalidate any proceedings at that meeting.

Quorum of the board

- 104.** A quorum of the board is a majority of the total number of directors authorized by the Association under Rule 80 and no business may take place without a quorum.

Chair

- 105.** The president of the Association or, in the absence of the president, the vice-president must chair all meetings of the board.
- 106.** If both the president and vice-president are absent from a meeting of the board, the directors present must appoint one of their number to chair the meeting.

Voting at meetings

- 107.** Resolutions arising at any meeting of the directors are to be decided by a majority of votes by directors in attendance, unless the Act or these Rules require otherwise and, in the case of an equality of votes, the chair does not have a second or casting vote.

Minutes of directors' meetings

- 108.** The minutes of the proceedings of the directors must be kept in accordance with the Act.

[CAA, 1999, section 137]

Transaction of business without a meeting

- 109.** A resolution of the directors may be passed without a meeting if each of the directors entitled to vote on the resolution consents to the resolution in writing.
[CAA, 1999, section 77]

Effective date of written resolution

- 110.** A resolution referred to in Rule 109 is effective from the date specified in the resolution, but that date must not be before the day on which the last required director consents in writing to the resolution.

How written consent may be given

- 111.** For the purposes of a resolution referred to in Rule 109, written consent may be provided by email or any other method of transmitting legibly recorded messages.

Meetings by conference telephone

- 112.** A director may participate in a meeting of the directors or of any committee of the directors by means of telephone or other communications medium in accordance with the Act.
[CAA, 1999, section 77]

Part 16 — Committees of Directors and Officers of the Board

Appointment of committees

- 113.** The board will appoint four working committees consisting of at least one director, co-op members and external professionals the board consider appropriate to exercise the powers delegated by the board to them as authorized by the Act:
- Quality Standards – Establish globally recognized standards for the production and processing of craft cannabis and safe management of plant genetics.
 - Medical Access – Collaborate with medical consumers, producers and public health advocates to maintain compassionate cannabis access for medical patients.
 - Membership - Establish a code of conduct and transparent process for membership review, elections, access to information and governance. Create pathways to facilitate the participation of consumers and vendors in the co-op.
 - Investment – Develop investment priorities, manage distribution of Class A shares and maintain compliance standards.
- 114.** The board may, by resolution, appoint other committees consisting of the director, directors or co-op members that the board consider appropriate to exercise the powers delegated by the board to them as authorized by the Act.

- 115.** Any committee, in the exercise of the powers delegated to it, must:
- a. conform to any terms of reference that may from time to time be imposed on it by the directors, and
 - b. report every act or thing done in the exercise of those powers to the earliest meeting of the directors held next after the act or thing has been done.

[CAA, 1999, section 76]

Variation of terms of reference

- 116.** The board may vary, add to or limit the terms of reference of any committee of directors.

Time and place of committee meetings

- 117.** The members of a committee of directors may meet and adjourn as they consider appropriate.

Quorum

- 118.** Unless the board determines otherwise, each committee of directors has the power to fix its quorum at not less than a majority of the committee members.

Vacancy

- 119.** If there is a vacancy on a committee of directors, the remaining committee members may exercise all the powers of the committee as long as a quorum of the committee remains in office.

Voting at committee meetings

- 120.** Unless otherwise required by these Rules or the Act, all committee meetings shall attempt to reach consensus on the issues and motions that come before them.

Minutes of committee proceedings

- 121.** The minutes of the proceedings of a committee of directors must be kept in accordance with the Act.

[CAA, 1999, section 137]

Appointment of Officers

- 122.** The board must appoint, by resolution, a president and a vice-president of the Association from among the directors. A secretary, a treasurer and other officers that the board determines are necessary may also be appointed by a resolution, and may be, but need not be, directors. Two or more offices may be held by the same individual.

Part 17 — Conflict of Interest Rules for Directors and Officers

Act applies

123. The directors of the Association are governed by the disclosure and conflict of interest rules set out in the Act.

[CAA, 1999, Part 6, Division 2]

Part 18 — Indemnification of Directors

Act applies

124. The Association must indemnify the directors and officers in accordance with the Act.

Part 19 — Finances

Borrowing powers

124. The directors may, for the purposes of the Association, on behalf of the Association,

- a. borrow or raise money in the manner and amount, from the sources, on terms and conditions, and
- b. issue notes, bonds, debentures and other debt securities as the directors consider appropriate.

Investment powers

125. Subject to any limitations adopted by the directors, and, if applicable, to Rule 126 (a-b), the directors may invest the funds of the Association in the manner they consider appropriate.

Limitations on investing

126.

- a. The directors must not invest any of the funds of the Association over \$25 000 at any one time without prior approval by special resolution, unless the money is to be invested in any form of property or security in which a prudent investor might invest.
- b. The Association must not provide loans on the security of its shares.

Auditor

127. Subject to and in accordance with the Act, the directors must appoint the first auditor and the Association must appoint subsequent auditors, if any.

- a. The duties and rights of the auditor are governed by the Act.

[CAA, 1999, Part 7]

Accounting records

128. The directors must cause accounts to be kept in accordance with the Act.

[CAA, 1999, section 138]

Financial year

129. The financial year of the Association ends on the date fixed by the directors.

Use of Surplus Funds

130. The directors must apply surplus funds arising from the operation of the Association in a financial year as follows:

- a. first, to the reserves required by Rule 131;
- b. next, to retire all or a portion of any deficit previously incurred by the Association, as the directors determine is appropriate;
- c. last, to patronage returns or dividends as recommended by the directors.

Reserves

131.

(1) The Association must hold back funds equivalent to 10% of the consideration paid for membership shares, as a reserve to be used for member redemptions under Part 9 of these Rules.

(2) Subject to the Act, the directors must set aside as reserves for meeting contingencies such amount that they, in their discretion, may determine.

Application of reserves

132. Subject to the Act and these Rules, reserves must be available to meet contingencies and until required for that purpose may be employed in any manner the directors consider appropriate.

133. Subject to and in accordance with the Act and the Rules in this Part, the Association may allocate among and credit or pay to the members patronage returns.

When payment of dividend or patronage returns is prohibited

134. The Association must not pay any patronage return if there are reasonable grounds for believing that

- a. the Association is unable to pay its liabilities as they become due in the ordinary course of business, or
- b. paying the patronage return would
 - i. render the Association unable to pay its liabilities as they become due in the ordinary course of business, or
 - ii. cause the realizable value of the Association's assets to be less than its liabilities.

Directors must recommend dividend or patronage return

135. The directors must report to each annual general meeting the state of the Association's financial affairs and the amounts, if any, which they recommend to be paid by way of dividend or patronage return.

Association to declare dividend or patronage return

136. Subject to Rules 134 and 135, the Association may declare dividends and patronage returns in accordance with the Act, but a dividend or patronage return must not be paid except out of surplus funds and must not exceed the amount recommended by the directors.

[CAA, 1999, section 66]

Payment of dividends on membership shares

137. The Association may pay dividends at rates not exceeding 8% yearly on the paid up amount of membership shares.

Association may apply dividends or patronage returns

138. The Association may apply any dividend or patronage return credited to a member to the unpaid amount on any membership shares held by that member, but the amount so applied must not exceed the amount unpaid.

Winding up, Dissolution and Restoration

139. The Association will be wound up, dissolved or restored in accordance with Part 14 of the Act. Upon winding up or dissolution, any remaining assets may be distributed among the members of the Association in the amounts determined by resolution of the directors or, if no such resolution has been passed, distributed in proportion to the number of membership shares held by each member.

Part 20 — Dispute Resolution

Disputes to be referred to arbitration committee of members

140. A dispute that under the Act may be submitted for arbitration must be referred to an arbitration committee of 3 members of the Association in accordance with this Part.

[CAA, 1999, section 208]

Commencement of arbitration proceedings

141.

- a. An arbitration referred to in Rule 140 must be commenced in accordance with the Act.
- b. If notice is provided to a director under sub rule 141 (a), that director must promptly provide the Association with a copy of the notice.

[CAA, 1999, section 208]

Nomination of committee members

142. Within 14 days of receipt of a notice referred to in Rule 141, the directors and the other party must each nominate one member of the Association as a member of the arbitration committee, and the third member must be appointed by the 2 nominated members.

Failure to nominate committee

143. If for any reason an arbitration committee has not been appointed within 6 weeks after the first member is nominated to the committee, on application by a party, the Supreme Court of British Columbia may appoint the members of the arbitration committee not appointed under Rule 142.

Consolidation of disputes

144. Disputes that have arisen between the Association or a director and different parties may be heard in one arbitration if

- a. the disputes are similar, and
- b. all parties agree on the appointment of the arbitration committee and the steps to be taken to consolidate the disputes into the one arbitration.

Procedure

145.

- a. Subject to these Rules, the arbitration committee may conduct a hearing in the manner it considers appropriate, but each party must be treated fairly and must be given full opportunity to present its case.
- b. Each party to the dispute must submit to the arbitration committee a written statement describing the nature of the dispute and a summary of the evidence the party intends to present at the hearing.
- c. The arbitration committee must hold a hearing as soon as possible at a location that is convenient to both parties.
- d. The arbitration committee may determine whether the hearing is open to all members of the Association.
- e. Each party to the dispute must attend the oral hearing, if any, and may be represented by another person including a lawyer.
- f. If both parties agree, the hearing may consist of an exchange of written statements or any other procedure.

Examination and evidence

146.

- a. A party to the dispute is a compellable witness at an oral hearing.
- b. Witnesses at an oral hearing must respond fully to questions asked by members of the arbitration committee, and produce all relevant records that the arbitration committee may require.
- c. Each party may present or rebut evidence and may examine or cross-examine witnesses at an oral hearing.
- d. The arbitration committee is not bound by the rules of evidence and may admit as evidence any oral testimony or any record that the arbitration committee considers is credible or trustworthy and relevant to an issue in dispute between the parties.

Decision must be in writing and signed by committee members

147.

- a. The arbitration committee may make whatever decision it considers just having regard to the Act, the regulation, the memorandum of the Association, these Rules and the evidence presented by the parties.
- b. The decision must be in writing and signed by each member of the arbitration committee.
- c. Within 4 weeks of the date of the decision, the arbitration committee may vary a decision to correct a clerical or typographical error or omission, or a similar type of error or omission.

Costs of arbitration

148. Parties to an arbitration must bear their own costs.

Part 21 — Notices

Notice to directors, members, investment shareholders and other persons

149. Unless otherwise specified in the Act or these Rules, any notice required to be given to a director, member, investment shareholder or any other person must be in writing and is sufficiently given if it is

- a. delivered personally,
- b. delivered to the person's last known address, as recorded in the Association's register of members or investment shareholders or other Association record,
- c. mailed by prepaid mail to the person's last known address, as recorded in the Association's register of members or investment shareholders or other record of the Association,
- d. sent to the person by text transmission to a telephone number provided for that purpose, or
- e. sent by email to an email address provided for that purpose
- f. served in accordance with Rule 156 or 157

[CAA, 1999, section 147]

Notice to Association

- 150.** Unless otherwise specified in the Act or these Rules, any notice required to be given to the Association must be in writing and is sufficiently given if it is
- a. delivered to the registered office of the Association,
 - b. mailed to the registered office of the Association by prepaid mail,
 - c. sent by text transmission to a telephone number provided for that purpose, or
 - d. served in accordance with the Act.

Deemed received

- 151.**
- a. A notice given in accordance with Rule 149 (a) Rule 150 (a) is deemed received when it is delivered
 - b. A notice given in accordance with Rules 149 (b) is deemed received on the second day, not including Saturday and holidays, after the date of mailing
 - c. notice given in accordance with Rules 149 (d) or 150 (c) is deemed to be received at the time the notice is sent by text or email.

Computation of time

- 152.** In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving notice must be excluded and the date of the meeting or other event must be included.

Undelivered notices

- 153.** If a mailed notice is returned on two consecutive occasions because the intended recipient cannot be found, the Association is not required to give any further notices to that intended recipient until the intended recipient informs the Association in writing of their new address. (2) If an emailed notice has bounced back on two consecutive occasions, the Association will give notice to the recipient by mail.

Omissions, non-receipt and errors

- 154.** The accidental omission to give a notice to, or the non-receipt of a notice by, a member, investment shareholder, director, officer, auditor or member of a committee of the board, or an error in a notice that does not affect the substance of it, does not invalidate any action taken at a meeting held in accordance with, or otherwise founded on, that notice.

Persons entitled by death or operation of law bound by notice in certain circumstances

- 155.** A person who, by operation of law, transfer, death of a member, or any other means, becomes entitled to a share in the Association, is bound by every notice in respect of the share that has been duly given to the member from whom that person derives title to the share before the person's name and address were entered on the register of members or investment shareholders and before the person furnished the Association with the proof of authority or evidence of the person's entitlement.

Part 22 — Service of Documents

Service by the Association

156.

- a. A notice or other document required by the Act to be served by the Association may be served by
 - i. mailing it by registered mail to the last known address of the intended recipient, as recorded in the Association's register of members or investment shareholders or other record of the Association, or
 - ii. personal service.
- b. A notice or other document served under subsection 156 (a) (i) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.

Service on the Association

157. Service on the Association must be in accordance with the Act.

[CAA, 1999, section 28]

Part 23 — Execution of Instruments

158. Subject to these Rules, instruments may be executed on behalf of the Association as set out in any resolution of the directors, or failing the existence of such resolution, by one or more directors, officers or other persons as determined by resolution of the directors.

Part 24 — Records

159. Retention of, and entitlement and access to, records of the Association are governed by the Act.

[CAA, 1999, Part 8, Divisions 1, 2, 3]

Part 25 — Alteration of Memorandum or Rules

160. Amendments to the Memorandum and Rules of the Association must be in accordance with the Act and these Rules.

[CAA, 1999, Part 5, Division 1]

