

BYLAWS
OF
SHERWOOD CO-OPERATIVE
ASSOCIATION LIMITED

APPROVED ON
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TABLE OF CONTENTS

<u>TOPIC</u>	<u>NUMBER</u>	<u>PAGE</u>
Definitions	1.01	1
Registered Office	2.01	1
Fiscal Year	2.02	1
Execution of Instruments	2.03	2
Borrowing Powers	2.04	2
Financing Arrangements	2.05	2
Membership	3.01	2
Approval of Membership	3.02	2
Share Purchase Requirements	3.03	3
No Share Certificates	3.04	3
Responsibility of Members	3.05	3
Lien and Set-off	3.06	3
Transfer of Shares and Memberships	3.07	3
Transmission of Shares and Memberships	3.08	3
Withdrawal of Membership	3.09	4
Members Who Have Reached the Age of 69	3.10	4
Cessation or Termination of Membership	3.11	4
Membership Termination Order	3.12	4
Appeal of Membership Termination Order	3.13	4
Payment to Members	3.14	4
Joint Memberships	3.15	5
Place of General Meetings	4.01	5
Quorum at General Meetings	4.02	6
Annual General Meeting Agenda	4.03	6
Appointment of Auditor	4.04	6

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TABLE OF CONTENTS

<u>TOPIC</u>	<u>NUMBER</u>	<u>PAGE</u>
Allocation of Surplus in a Fiscal Year	5.01	7
Allocation of Unallocated Earnings from Previous Years	5.02	7
Patronage Dividends Applied to Shares	5.03	7
Non-Payment of Small Patronage Dividends	5.04	7
Appropriation to Statutory Reserve	5.05	7
Qualification of Directors	6.01	8
Election of Directors and Filling of Vacancies	6.02	8
Number of Directors	6.03	9
Term of Office	6.04	9
Removal of Directors	6.05	9
Calling Meetings	6.06	9
Quorum	6.07	9
Transaction of Business at Directors' Meetings	6.08	9
Directors' Duties and Powers	6.09	10
Directors' Committees	6.10	10
Directors' Remuneration	6.11	10
Officers	6.12	10
Material Contracts	6.13	11
Enactment, Amendment and Repeal of Bylaws	7.01	11
Statement of Dissolution	8.01	12
Unclaimed Funds	8.02	12

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OF
SHERWOOD CO-OPERATIVE ASSOCIATION LIMITED**

I. DEFINITIONS

1.01 In these and all other bylaws of the Co-operative, unless the context otherwise requires or specifies:

- (a) “Act” means The Co-operatives Act, S.S., c. C-37.1 as amended from time to time, and in the case of such amendment, any references in the bylaws of the Co-operative shall be read as referring to the amended provisions;
- (b) “the Co-operative” means the co-operative which adopts these bylaws;
- (c) “the directors”, “Board” and “Board of Directors” mean the directors of the Co-operative for the time being;
- (d) “in writing” and “written” include words printed, painted, engraved, lithographed, photographed or represented or reproduced by any mode of representing or reproducing words in visible form;
- (e) “regulations” means the regulations, from time to time, passed by the Lieutenant Governor in Council pursuant to the Act;
- (f) “trading area” means the geographic area or areas in which the Co-operative carries on its business activities;
- (g) all terms contained in the bylaws and which are defined in the Act shall have the meanings given to such terms in the Act;
- (h) words importing the masculine gender shall include the feminine, and words importing the singular shall include the plural and vice versa;
- (i) the headings used in the bylaws are inserted for reference only and are not to be considered in construing the terms thereof or to be deemed in any way to clarify, modify or explain the effects of any such terms.

II. BUSINESS OF THE CO-OPERATIVE

Registered office

2.01 The registered office of the Co-operative shall be located in the City of Regina, in the Province of Saskatchewan.

Fiscal Year

2.02 The fiscal year of the Co-operative shall end on the 31st day of January in each year.

Execution of Instruments

- 2.03 (a) Contracts, documents or instruments in writing requiring execution by the Co-operative shall be signed on behalf of the Co-operative by two persons; and, subject to clause (b), either the President or the Secretary shall sign such contracts, documents or instruments in writing on behalf of the Co-operative;
- (b) The Board is authorized, from time to time, to appoint, by resolution, any officer or any person on behalf of the Co-operative either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

Borrowing Powers

- 2.04 (a) The borrowing powers shall be as specified in the Act.
- (b) The Board may from time to time delegate to such one or more of the directors and officers of the Co-operative as may be designated by the Board all or any of the borrowing powers conferred on the Board by the Act to such extent and in such manner as the Board determines at the time of such delegation.

Financing Arrangements

- 2.05 The financial business of the Co-operative, including without limitations, the borrowing of money and the giving of security therefor, shall be transacted with such credit unions, credit union centrals, banks, trust companies or other bodies corporate or organizations as may, from time to time, be designated by or under the authority of the Board. Such financial business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may, from time to time, specify or authorize.

III. SHARES AND MEMBERSHIP

Membership

- 3.01 Subject to paragraph 3.02, any person who can use the services of the Co-operative and who, in the case of an individual, is 16 years of age or older, is eligible to become a member of the Co-operative.

Approval of Membership

- 3.02 No person may become a member of the Co-operative unless that person has submitted a written application for membership, and until the said application has been approved by the Board or by a committee thereof.

Share Purchase Requirements

- 3.03 (a) Applicants for membership are required to purchase five common shares of the Co-operative.
- (b) Notwithstanding the provisions of bylaw 3.03(a), persons who obtained membership in the co-operative prior to the registration of these bylaws shall be permitted to maintain membership if such person has an investment registered in his name, of at least one share of the capital stock of the co-operative.

No Share Certificate

- 3.04 The Co-operative is not required to issue share certificates for common shares, but shall make available to any member a patronage statement indicating the number of shares held by that member in those years when allocations have been made.

Responsibility of Members

- 3.05 Members shall be bound by the bylaws and policies of the Co-operative.

Lien and Set-Off

- 3.06 (a) The Co-operative's lien on a member's shares, whether held solely or jointly with others, shall be a first and paramount lien whether or not the time for payment of the member's debt has arrived.
- (b) The Co-operative may redeem any member's shares and set-off against the proceeds of such redemption all debts of such member as are due by the member of the Co-operative at the time of such redemption.
- (c) The Co-operative may refuse to register a transfer, or acknowledge an assignment, of any share affected by the lien.
- (d) The Co-operative may set off against amounts standing to the credit of a member all debts of such member as may be due to the Co-operative.

Transfer of Shares and Memberships

- 3.07 Upon written application shares and memberships can be transferred only upon approval by the Board of Directors.

Transmission of Shares and Memberships

- 3.08 The transmission of shares and memberships shall be as specified in the Act.

Withdrawal of Membership

- 3.09 (a) A member may apply to withdraw from the Co-operative by giving to the Secretary of the Co-operative six months written notice of intention to withdraw. The Board, by resolution, may accept any application to withdraw upon shorter notice.
- (b) Written notice to the Co-operative of the receivership or bankruptcy of a member of the Co-operative shall have the same force and effect as an application to withdraw.
- (c) Written notice to the Co-operative of the dissolution of a body corporate that is a member of the Co-operative shall have the same force and effect as an application to withdraw.

Members Who Have Reached the Age of 69

- 3.10 When an individual member reaches the age of 69 years, he may request payment of amounts owing to him, except for those shares required as a condition of membership; and the payment out pursuant to such a request shall be subject to paragraph 3.14.

Cessation or Termination of Membership

- 3.11 Membership ceases when the Board of Directors approves withdrawal or issues an order of termination pursuant to paragraph 3.12.

Membership Termination Order

- 3.12 The Board, by a simple majority vote at any directors' meeting, may order the termination of a membership.

Appeal of Membership Termination Order

- 3.13 A person whose membership has been terminated by the Board of Directors may appeal the decision to the general meeting of the membership of the Co-operative in the manner specified in the Act and the regulations; and the directors' order can be rescinded only by a majority of at least two-thirds of the members present and casting votes at the general meeting.

Payment to Members

- 3.14 (a) Subject to clause (d), the Co-operative shall purchase all of a withdrawing member's shares at their par value within six months of the date of the directors' approval of the withdrawal, when withdrawal is for one of the following reasons:
- (i) death of the member;
 - or
 - (ii) the member has permanently moved out of the Co-operative's trading area.
- (b) Subject to clause (d), when withdrawal is for reasons other than those described in clause (a), the Co-operative shall repay those shares required as a condition of

membership, at their par value, within six months of the date of the directors' approval of the withdrawal; and the balance of the member's allocated earnings shall be paid within a period not exceeding twenty years of the date of the directors' approval of the withdrawal.

- (c) Subject to clause (d), when the directors have terminated the membership of a person in the Co-operative, the Co-operative shall pay the amounts due to the member in the manner provided in the Act.
- (d) When, in the opinion of the directors, payment of all amounts due to members would impair the financial stability of the Co-operative, or would be contrary to the interests of the remaining members, the directors shall pay such amounts according to the following order of priority:
 - (i) to persons whose memberships have been terminated;
 - (ii) to estates of deceased members;
 - (iii) to members who have reached the age of 69 years;
 - (iv) to members who have withdrawn because they have moved permanently out of the trading area of the Co-operative;
 - (v) to members who have withdrawn for other reasons.
- (e) The Co-operative may, when authorized by resolution of the directors, purchase at par value a member's shares in the Co-operative, except for those required as condition of membership, at such time and in such amounts as, in the opinion of the directors, the financial position of the Co-operative permits.

Joint Memberships

- 3.15
- (a) Two or more persons may apply for joint membership in the Co-operative.
 - (b) The applicants for joint membership shall complete a membership agreement in a form specified, from time to time, by the Board, and the joint members agree to be bound by the terms thereof.
 - (c) Each party to a joint membership shall be entitled to vote at a meeting of the Co-operative; but a person who is a sole member and is also a party to a joint membership shall be entitled to cast only one vote on any matter at any meeting of the Co-operative.

IV. GENERAL MEETINGS

Place of General Meetings

- 4.01 General meetings of the Co-operative shall be held at such locations in Saskatchewan and in the trading area of the Co-operative, as may be determined by the Board of Directors.

Quorum at General Meetings

- 4.02 (a) The quorum at any annual general or special meeting of members shall be the lesser of:
- (i) 15 members; and
 - (ii) 10% of the membership.
- (b) (i) Where a quorum is present at the opening of a general meeting of members but does not continue to be present throughout the general meeting, the remaining members present may not transact any business after the quorum ceases to exist;
- (ii) Any business transacted while a quorum is present shall be valid and effective.
- (iii) When the fact that a quorum ceases to be present has been drawn to the attention of the chairman, he shall adjourn the meeting to a fixed time and place; and the chairman may continue to do so at subsequent meetings until a quorum is present.

Annual General Meeting Agenda

- 4.03 The recommended agenda for the annual meeting may include the following:
- 1. Call to order by the chairman.
 - 2. Reading and disposal of the minutes of the preceding annual general meeting.
 - 3. Business arising from the minutes.
 - 4. Reports:
 - (a) Directors.
 - (b) Management.
 - (c) Other Officers and special committees.
 - (d) Delegates to other organizations.
 - 5. Auditor's report and financial statement and adoption thereof.
 - 6. Co-operative's future plan.
 - 7. Resolution and recommendations.
 - 8. Remuneration of directors.
 - 9. Election of directors.
 - 10. Appointment of auditors.
 - 11. New business.
 - 12. Adjournment.

Appointment of Auditor

- 4.04 (a) The members shall, by ordinary resolution at the first annual general meeting of members, and at each succeeding annual general meeting, appoint an auditor to hold office until the close of the next annual general meeting.

- (b) Notwithstanding clause (a), where an auditor is not appointed at an annual general meeting of members, the incumbent auditor continues in office until the successor is appointed.

V. ALLOCATIONS

Allocation of Surplus in a Fiscal Year

5.01 The provisions regarding the allocation of surplus in a fiscal year shall be as specified in the Act.

Allocation of Unallocated Earnings from Previous Years

- 5.02 The directors may allocate among and credit or pay to the members as a patronage dividend
- (a) any reserves, other than reserves the Co-operative is required to maintain pursuant to the Act; and
 - (b) any unallocated earnings from previous years; in proportion to the business done by the members with or through the Co-operative in the immediately preceding fiscal year, in the manner specified in the Act, and at a rate or rates set by the directors.

Patronage Dividends Applied to Shares

- 5.03
- (a) In lieu of payment in cash of patronage dividends to members, the directors may annually apply the patronage dividends that have been declared pursuant to the Act or bylaws to the purchase of shares of the Co-operative.
 - (b) The members hereby apply for the shares and assign, transfer and set over to the Co-operative all or any portion of the patronage dividends allocated to them, and each of them by the Co-operative, to be applied to the payment of shares in the current year and in each fiscal year thereafter.
 - (c) If the amount of patronage dividends in any year is not an even multiple of the par value of one share, the member hereby applies for a share to which the balance of the amount shall be applied as part payment.

Non-Payment of Small Patronage Dividends

5.04 Where the patronage dividend that would otherwise be payable or allocatable to any member with respect to the operations of a fiscal year is less than or equal to \$10.00, the Co-operative shall not pay or allocate any patronage dividend to that member; and the amount that would otherwise be payable or allocatable shall be used as the directors may decide.

Appropriation to Statutory Reserve

5.05 In the event that the reserve fund of the association is depleted or reduced as a result of losses being charged against it, the amounts to be placed in the reserve fund each year from the surplus arising from the business of the association shall be not less than ten percent of the

surplus each year until the amount of the reserve fund has reached ten percent of the total assets of the association or the amount that it stood at prior to losses being charged against it, whichever amount is the lesser.

VI. DIRECTORS

Qualifications of Directors

6.01 Individuals who have transacted at least \$3,000.00 in business with the Co-operative during the preceding fiscal year.

The following individuals, in addition to those specified in the Act and the regulations, shall not be eligible to be elected or entitled to remain directors of the Co-operative:

- (a) Individuals having an account with the Co-operative which is over two months in arrears;
- (b) Employees of the Co-operative;
- (c) No person shall be eligible to be elected as a director until he has been a member of a retail co-operative for at least five years, at least the last two of which must be as a member of the Sherwood Co-operative Association Limited.

Election of Directors and Filling of Vacancies

- 6.02
- (a) Except as provided herein, the procedure for election of directors and the filling of vacancies on the Board shall be as specified in the Act.
 - (b) The patronage during the immediately preceding fiscal year and the duration of membership of nominees to the Board of Directors shall be disclosed to the meeting at which those nominees are seeking election.
 - (c) The name of each nominee to the position of director must be:
 - (i) Submitted in writing by the nominee to the Co-operative's Nominating Committee at least 30 days before the date of the Annual General Meeting when the election will be held; and
 - (ii) Published by the Co-operative's Nominating Committee with the notice of the Annual General Meeting.
 - (d) If the number of nominees to the position of director is less than or equal to the number of vacancies on the Board, those nominees shall be declared duly elected to the Board at the Annual General Meeting.
 - (e) If the number of nominees to the position of director exceeds the number of vacancies on the board, an election must be held at the Annual General Meeting to fill the vacancies.

- (f) Nominees to the Board of Directors shall disclose to the meeting at which they are seeking election:
 - (i) Whether they are a director, officer, or associate of, or have a material interest in, any non co-operative business which operates in competition with the Co-operative.
 - (ii) Any employee-employer relationships which exist between themselves and the Co-operative, its subsidiaries, or any co-operative federation of which it is a member.

Number of Directors

6.03 There shall be nine Directors.

Term of Office

- 6.04
- (a) The term of office for directors shall be three years; provided that there shall be a rotation of terms to require the election of one-third of the directors to office each year.
 - (b) A retiring director shall be eligible for re-election.

Removal of Directors

- 6.05
- (a) The members of the Co-operative may remove any director or directors from office by special resolution.

Calling Meetings

6.06 The provisions regarding the calling of directors' meetings shall be as specified in the Act.

Quorum

- 6.07
- (a) The quorum necessary for the transaction of business by the directors at any Board Meeting shall be a majority of the directors.
 - (b) If a quorum is not present at the opening of a Board meeting, the directors present may adjourn the meeting to a fixed time and place but may not transact any other business.
 - (c) Where a quorum is present at the opening of a Board meeting, but does not continue to be present throughout the meeting, the remaining directors may not transact any business after the quorum ceases to exist.

Transaction of Business at Director's Meetings

- 6.08
- (a) At regularly and legally constituted meetings of the Board or any committee of the Board, all questions may be decided by a simple majority vote. In the case of any equality of votes, the motion shall be lost.
 - (b) The President or other presiding officer may vote upon any resolution but shall not have a second or casting vote in the event of a tie.
 - (c) A resolution of the Board may be passed without a meeting where:

- (i) all of the directors consent in writing to the resolution; and
- (ii) the consent is filed with the minutes of the proceedings of the directors; except that no resolution of the Board involving the expenditure of money may be passed without a meeting of the directors being held.

Directors' Duties and Powers

- 6.09
- (a) The directors shall carry out the duties and may exercise the powers given to them in the Act.
 - (b) The directors shall fix the remuneration of any officers appointed by them and shall approve the scale of remuneration for the management group reporting directly to the General Manager.

Directors' Committees

6.10 The provisions regarding committees of directors shall be as specified in the Act.

Directors Remuneration

6.11 The remuneration of the Board of Directors shall be fixed by Resolution of the Members at a general meeting of the Association.

Officers

- 6.12
- (a) No director shall hold more than one office.
 - (b) Within 14 days following the conclusion of the annual general meeting in each year, the Board shall appoint:
 - (i) From among the directors, a President and Vice-President; and
 - (ii) A Secretary who may, but need not, be a director.
 - (c) The President shall:
 - (i) Preside as chairman at all general meetings of the Co-operative and all meetings of the directors unless some other member is appointed by the meeting to do so;
 - (ii) Be an ex officio member of all committees appointed;
 - (iii) Perform such other duties and exercise such other powers as are incidental to such office or as may be required, from time to time, by the Board.
 - (d) The Vice-President, in the absence of the President, shall discharge the duties of the President.
 - (e) The Secretary shall:
 - (i) Attend all general meetings of the Co-operative and all directors' meetings and keep or cause to be kept correct minutes of same;
 - (ii) Have charge of the seal, if any, of the Co-operative;

- (iii) Conduct the correspondence of the Co-operative and, subject to the order of the Board, have charge of all non-financial corporate records, books, papers and documents of the Co-operative;
 - (iv) Perform such other duties and exercise such other powers as are incidental to the office or as may be required, from time to time, by the Board.
- (f) The Board may appoint and delegate powers and duties to such officers, in addition to the President, Vice-President and Secretary, as it deems necessary to properly conduct the affairs of the Co-operative;
 - (g) The Board, in its discretion, may remove any officer of the Co-operative and elect or appoint another individual to fill the unexpired portion of that individual's term.
 - (h) Subject to clause (g) each director appointed by the Board as an officer shall hold office until the conclusion of the next following annual meeting or until resigning, whichever first occurs.

Material Contracts

- 6.13 (a) The handling of directors involvement in material contracts with the Co-operative shall be as provided in the Act and as supplemented by clause 6.13(b) of these bylaws.
- (b) Without limiting the generality of the Act, a director is deemed to be a party to a material contract or a proposed material contract if:
 - (i) The spouse, common-law spouse, parent, child, sister or brother of the director; or
 - (ii) A company in which the director, or the director's spouse, common-law spouse, parent, child, sister or brother owns directly or indirectly more than 10% of the shares; is the person with whom the Co-operative is or is proposing to deal.

VII ENACTMENT, AMENDMENT AND REPEAL OF BYLAWS

- 7.01 The provisions of Part X of the Act shall apply.

VIII DISSOLUTION

Statement of Dissolution

8.01 Upon the dissolution of the Co-operative, the distribution of property shall be in accordance with the Statement of Dissolution.

Unclaimed Funds

8.02 Any funds remaining and unclaimed by creditors or members after three years from the date of the approval of the dissolution of the Co-operative shall be distributed in accordance with the Statement of Dissolution.