



2006 Board of Directors Election Nomination Form

Mountain Equipment Co-operative, a \$178 million retail organization with more than 2 million members, is directed by a nine-member volunteer Board of Directors. Three directors are elected annually to a three-year term of office.

To qualify for election as a director, a member must, at the close of nominations, be 19 years of age or older and be a resident of Canada. In addition, a potential candidate must have:

- a) been a member for at least three years;
- b) purchased or rented from the Co-op within the previous two years; and
- c) voted in at least one of the two most recent elections (2005 or 2004).

Note: an employee or the spouse, dependent, or member of an employee's immediate family, is not permitted to be a candidate. To be eligible for nomination, **former MEC employees** cannot have been employed by MEC in the one year prior to the close of nominations (October 7, 2005).

Please read MEC's Rules, which follow this application form, paying particular attention to **section 13, "Becoming a Director."**

In addition, nominees should:

- have the ability to perform at a Board governance level and display the leadership skills required of a Board of this nature
- have a sound knowledge of general business practices
- have the ability to effectively communicate information and ideas to others while working in a team environment
- be aware that the majority of Board communication takes place via the Internet and that familiarity with computers is necessary
- be prepared to attend six Board meetings annually, five of which will be held in Vancouver, BC
- be prepared to participate on two committees that meet via teleconference
- be aware that English is the working language of the Board of Directors.

Directors are expected to contribute time and effort for the betterment of the Co-op. The amount of time and level of skill required of directors is high, with many contributing 40+ hours per month for Board responsibilities. Directors receive remuneration for their service. Candidates elected to the Board of Directors will also be required to provide a current criminal records check.

To file a nomination:

- (1) an eligible and qualified member must submit, by the close of nominations, the attached declaration form (section 1). By signing the form, you are indicating that you have read the form, that you are willing to stand for election, and that you will follow MEC's Rules and policies throughout the election process.
- (2) five other members must complete and sign a nomination form (attached) stating their support for the nominee and acknowledging the nominee's qualifications. Names, member numbers, contact information, and signatures for all nominators must be included on their forms. Information and signatures on the nomination forms will be verified.

Deadline:

Nominations for the 2006 election must be received no later than **noon Pacific Time, Friday, October 7, 2005.** *Late applications will not be accepted.*

Becoming a candidate:

Eligible nominees will be accepted as candidates for the 2006 Board of Directors Election following the verification of nominee and nominator information and the ballot order draw (to be completed by Thursday, October 13 by the election auditor). Approved candidates will be sent an information package outlining required candidate material, deadlines, election dates, and other related information.

Declaration Form: Mountain Equipment Co-op 2006 Board of Directors Election

Please forward your nomination form to:

MEC Nominations & Elections Committee
149 West 4th Avenue
Vancouver, BC V5Y 4A6
Faxed nominations are accepted: (604) 731-3814

Acceptance of Nomination

I, _____, member number _____
of _____ (street/avenue), _____ (city)
_____ (province) _____ (postal code)
Phone number: _____ email address: _____

Declare that I

- *am 19 years of age or older;*
- *have been a member of Mountain Equipment Co-op (MEC) for three years or more;*
- *have purchased or rented goods from MEC within the previous two years;*
- *have voted in at least one of the past two elections (either in 2004 or 2005);*
- *am not an employee of MEC, nor am I the spouse, dependent, or member of an employee's immediate family;*
- *am willing to stand for election to the MEC Board of Directors and will follow the rules and policies regarding elections;*
- *am qualified to act as a director;*
- *am aware of the duties of a director under the BC Co-operative Association Act;*
- *am not aware of any conflict of interest, or any potential conflict, between my personal interests and those of MEC. I understand that a conflict of interest may include:*
 1. *any activity which directly or indirectly opposes, competes or is related to any business venture pursued by the Co-op (and its subsidiaries/affiliates), including ownership or participation in such a venture,*
 2. *any activity which interferes with the director's judgement concerning or ability to perform his or her duties in MEC's best interests,*
 3. *any activity which involves the use of MEC premises, equipment, or supplies unless such use is authorized,*
 4. *any activity which associates the Co-op or its properties, intellectual or physical, with the director's outside business or personal interests,*
 5. *acceptance of personal gain or benefit, including gifts, discounts, loans, benefits or services from a person or corporation having dealings with MEC,*
 6. *any connection with an organization or with relatives or close friends where impartiality could be compromised or where personal interest is present and could affect, or be expected to affect, the director's judgement on any issue on which the director has a vote or any other form of input.*
- *will promptly disclose any conflict of interest that might arise in the future;*
- *will comply with the Rules of MEC and any policies set by the directors;*
- *am not employed by any business in competition with MEC;*
- *do not have an immediate family member employed by any business in competition with MEC;*
- *do not have an immediate family member currently on, or standing for election to, the board who would be serving at the same time as me.*

Date: _____

(Signature)

Nomination Form: Mountain Equipment Co-op 2006 Board of Directors Election

I nominate (please print name): _____, MEC Member number, _____ as a candidate for election to the Mountain Equipment Co-op Board of Directors.

I believe that this person has the following qualifications, which will make him/her a good Director (tick all that are applicable):

- the ability to perform at a Board governance level and display the leadership skills required of the Board of Directors of Mountain Equipment Co-op;*

Comments: _____

- a sound knowledge of general business practices, including policy development;*

Comments: _____

- the ability to effectively communicate information and ideas to others while working in a team environment, in person, by e-mail, and teleconference;*

Comments: _____

- an understanding of co-operative principles;*

Comments: _____

- the ability to attend board meetings in Vancouver five times a year, and elsewhere in Canada at least once a year;*

Comments: _____

- the ability to spend time between meetings preparing materials and reading reports and attending committee meetings by teleconference;*

Comments: _____

- a very high standard of personal ethics;*

Comments: _____

- a familiarity with computer programs such as e-mail, MS Word, MS Excel, and MS PowerPoint.*

Comments: _____

*Please ensure that all information is provided. MEC membership and signature will be verified.

Name:	Telephone (day):
	(evenings):
Signature:	Member Number:
Address:	

MOUNTAIN EQUIPMENT 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

Adopted April 30, 2005

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," "officer," "membership share", 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 13.04,
 - 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) "share" means membership share,

- m) “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
- n) “special resolution” means a resolution that is passed in a general meeting by a ¾ majority of the total votes cast by the members who are entitled to vote on the resolution, including votes cast in person, and votes cast by mail ballot in accordance with Rule 8.05.

- 1.02 The Memorandum and Rules are subject to the Act, and the Act contains provisions not repeated in the Rules.
- 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, and
 - b) subscribe for and own at least one share.
- 2.02 Application for membership must be made in a manner decided by the directors.
- 2.03 The directors may approve or refuse an application for membership.
- 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
- 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.

4. Withdrawal from membership

- 4.01 A member may withdraw from membership by
 - a) applying in writing to the directors, and
 - b) surrendering any share certificates held by the member.
- 4.02 An application to withdraw from membership
 - a) must be made in a form approved by the directors,
 - b) must be delivered to the head office of the Co-operative, and
 - c) is effective on the date the member has complied with Rule 4.01.
- 4.03 When an application to withdraw from membership is due to having incurred a continuing mental or physical disability, and the application is accompanied by proof of the disability, then the Co-operative must redeem the shares of the former member within three months, subject to section 66(2) of the Act and these Rules.
- 4.04 Notice to the Co-operative of the

- a) death 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 (1) 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.
- (2) 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.
- (3) Subject to these Rules and section 66(2) of the Act, if a member withdraws from membership, the Co-operative must redeem all the shares of the former member within one year after the date on which the application to withdraw was received.

5. Allocation of surplus

- 5.01 The Co-operative must set aside out of surpluses from its business any reserve required by the Act.
- 5.02 Subject to Rule 5.01, the Co-operative may apportion surpluses from its business to any or all of the following:
- 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% 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.
- 5.03 1) 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.
- 2) 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.

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 becomes mentally disordered, the person entitled to the member's shares may apply to have them transferred or redeemed.
- 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 an 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.
- 6.07 The Co-operative must not issue share certificates.
- 6.08 The person entitled to the shares of a deceased or bankrupt member may
- a) if the person is not a member, apply for membership,
 - b) if the person is a member, request that the directors register the shares in the member's name, or
 - c) apply to the directors to redeem the shares.
- 6.09 The Co-operative must not register a share in the name of the person entitled to a deceased or bankrupt member's shares unless
- a) that person is a member, and
 - b) the transfer has been authorized by the directors.
- 6.10 The directors must postpone further redemptions of shares when in any year the Co-operative has redeemed shares to a value of 1% 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 Co-operative may hold two or more members' meetings at different locations instead of a single general meeting, as permitted by the Act.
- 7.03 The directors may call a special general meeting.
- 7.04 The directors must call a special general meeting within seven days of receiving a written requisition signed by at least 500 members, subject to section 151(2) of the Act.
- 7.05 The quorum at a general meeting is 50 members who are eligible to vote at that meeting present at all times.
- 7.06 Every member present at a general meeting who became a member 16 weeks or more before that meeting is eligible to vote and has one vote on each matter voted upon in the meeting.
- 7.07 Proxy voting is prohibited.
- 7.08 The chair, or the vice-chair, of the directors (see Rule 15.05) must preside over every general meeting. If neither is willing or able to preside, the members present must choose another person to preside.
- 7.09 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.
- 7.10 1) 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).
- 2) A representative appointed under this rule 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.

- 7.11 1) The only persons entitled to be present at a general meeting are members of the Co-operative, the auditor, and others who are entitled or required under any provision of the Act or the Rules to be present.
- 2) A person who is not entitled to be present at a general meeting under Rule 7.11(1) 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. Special resolutions

- 8.01 Subject to Rule 8.02, the Co-operative must give notice of the intention to propose a special resolution if the resolution is
- a) being proposed by the directors, or
 - b) submitted, together with a request by at least five members that notice be given, before the close of nominations as defined in Rule 10.02(1)(c).
- 8.02 If at least 2/3 of the directors resolve that a special resolution is frivolous, vexatious, or an abuse of process, or that the resolution, if passed, would harm the Co-operative, the Co-operative may refuse to give notice of the resolution. The members requesting notice of the resolution must be notified immediately by the directors of their decision and the reasons for it.
- 8.03 The Co-operative must, along with notice of an election, notify each member of the deadline for submitting a proposed special resolution.
- 8.04 The Co-operative must indicate whether a special resolution is being proposed by the directors, or by members, or both.
- 8.05 1) 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 by mail or electronic ballot.
- 2) The directors may require that all members have the opportunity to vote on any special resolution by mail or electronic ballot.

9. Voting for directors

- 9.01 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.
- 9.02 The Co-operative must, along with notice of an election, notify each member of the right to vote, and the manner in which the member may request election materials. Notice under this rule may be given
- a) personally, or

- b) by mail to the address given by the member, or, subject to the approval of the election auditor and the directors, by
 - c) facsimile, electronic mail, or similar transmission, or
 - d) posting the notice on the Co-operative's internet web site.
- 9.03 The Co-operative must deliver election materials, including candidates' statements (see Rule 13.05) and voting instructions, to each member eligible under Rule 9.01 on request.
- 9.04 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 less than 16 weeks before the last annual general meeting.
- 9.05 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.
- 9.06 Election materials may be delivered:
- a) personally, or
 - b) by mail to the address given by the member, or, subject to the approval of the election auditor and the directors, by
 - c) facsimile, electronic mail, or similar transmission, or
 - d) posting the materials on the Co-operative's internet web site.
- 9.07 A member may vote by:
- a) mail, or
 - b) depositing a ballot in a designated container at one of the Co-operative's places of business, or, subject to the approval of the election auditor and the directors, by
 - c) telephone, or
 - d) facsimile, electronic mail, or similar transmission, or
 - e) using an interactive internet website.

10. Election of directors - General provisions

- 10.01 The Co-operative must conduct an election of directors each year.
- 10.02 1) The Co-operative must, at least six weeks before the close of nominations:
- a) give notice of the election to each member,
 - b) solicit nominations, and
 - c) specify the date for the close of nominations.
- 2) Notice under this rule may be given
- a) personally, or
 - b) by mail to the address given by the member,
- or, subject to the approval of the election auditor and the directors, by
- c) facsimile, electronic mail, or similar transmission, or
 - d) posting the notice on the Co-operative's internet web site.
- 10.03 If, at the close of nominations, the number of candidates equals the number of vacancies, the candidates must be declared elected, upon complying with Rule 13.05(b).
- 10.04 Subject to Rule 13.08, there must be nine directors at the end of each annual general meeting.
- 10.05 The full term of office of a director is three years.

- 10.06 In each election, subject to Rule 13.08, three directors must be elected for three years, and any other vacant positions must be filled, so that immediately after the general meeting (subject to Rule 10.16) there are three directors with three years remaining in their terms, three directors with two years remaining, and three directors with one year remaining.
- 10.07 The directors may decide to conduct an election by preferential voting.
- 10.08 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.
- 10.09 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.
- 10.10 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.
- 10.11 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.
- 10.12 The method by which a member votes must present the candidates' names
- a) in the same random order, decided by lot, for each member, or
 - b) so that if there are X candidates, each candidate's name is presented first 1/X times, and in every other position 1/X times.
- 10.13 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.
- 10.14 The directors may establish policies 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.
- 10.15 The Co-operative must provide a copy of any policies governing elections and campaigning to all candidates, and to any member on request.
- 10.16 In the event of an interruption of normal postal service, 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.
- 10.17 The Co-operative, and its employees, agents, contractors, suppliers, directors, officers, election auditor and nominations committee, must not endorse or indicate preference for any candidate.

10.18 A candidate must not endorse or indicate a preference for any other candidate.

11. Appointment and duties of the nominations committee

11.01 The directors must appoint a nominations committee.

11.02 The nominations committee must:

- a) receive the nominations of candidates,
- b) ensure that the number of candidates at least equals the expected number of vacant positions as determined by Rule 10.06,
- c) inform the election auditor of the names of all candidates immediately after the close of nominations, and
- d) designate a representative to attend any drawing of lots.

11.03 The nominations committee may nominate candidates.

12. Appointment and duties of the election auditor

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

12.02 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.

12.03 The election auditor must:

- a) preside over any necessary drawing of lots,
- b) receive, validate and count all votes cast,
- 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, and
- d) certify the election as valid, or declare the election invalid if in the election auditor's opinion there were material irregularities in any aspect of the election.

12.04 The election auditor must not disclose to any person how any member voted.

12.05 If the election is certified as valid, the election auditor must, 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.

12.06 The election auditor must announce the result of the election, including the number of votes received by each candidate, at the annual general meeting.

13. Becoming a director

13.01 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.

- 13.02 A member is not permitted to be a candidate if
- a) that member, or a member of that member's immediate family, is employed in any capacity by the Co-operative, or
 - b) that member, or a member of that member's immediate family, is employed in any capacity by any business which is in competition with the Co-operative, or
 - c) a member of 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, "immediate family" means spouse, sibling, parent, child, or any relative of the person or the person's spouse who lives with the member.

- 13.03 A member is not permitted to be candidate 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.

- 13.04 To become a candidate, a qualified member must submit, by the close of nominations
- a) a written nomination signed by five members, or by a representative of the nominations committee,
 - b) the member's written consent to act as a director, and
 - c) the member's written agreement to follow the rules and policies regarding elections.

- 13.05 To continue as a candidate, 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 the Rules, and any policies set by the directors.

- 13.06 If at least 2/3 of the directors resolve that the member's certificate under Rule 13.05(b) is in any material respect false, incomplete or misleading, or that the candidacy is frivolous, vexatious or for the purpose of harming the Co-operative, the Co-operative may reject or remove the member as a candidate at any time during the election, or after the election, may remove the member as a director.

- 13.07 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 may hold office at the same time. Appointed directors must comply with Rules 13.01, 13.02, 13.03 and 13.05, and hold office only until the next election.

- 13.08
- 1) At least one director must be an individual ordinarily resident in British Columbia.
 - 2) 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 holds office until the next annual general meeting.
 - 3) In appointing a tenth director pursuant to this rule, the directors must exercise their discretion subject to the following:

if in the current or most recent election of directors the candidate who received the nearest number of votes to those who were elected is ordinarily resident in British Columbia, the directors must appoint that person, or
if in the current or most recent election of directors the candidate who received the nearest number of votes to those who were elected is not ordinarily resident in British Columbia, 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.

14. Ceasing to hold office as director

- 14.01 A director ceases to hold office if:
- a) the director is absent from three regular directors' meetings in one year without the consent of the directors, or
 - b) the director is removed by special resolution, or
 - c) at least 2/3 of the directors resolve that the director's certificate under Rule 13.05(b) is in a material respect false, incomplete, or misleading.

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 may:
- a) conduct the business of the Co-operative,
 - b) delegate their powers, and
 - c) regulate their meetings and affairs.
- 15.05 The directors must:
- a) elect a chair and vice-chair from among the directors,
 - b) appoint a chief executive officer,
 - c) set the powers, duties, and remuneration (if any), of the chair and vice-chair, and
 - d) set the title, remuneration, powers, and terms of employment of the chief executive officer.
- 15.06 The directors may appoint other officers, and set their duties, and remuneration (if any).
- 15.07 The directors may remove an officer at any time by a resolution passed by at least 2/3 of the directors.
- 15.08 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.
- 15.09 The term of office of officers who are employees is determined by the directors.

- 15.10 A resolution approved in writing by at least 2/3 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.

17. Indemnification of directors and officers

- 17.01.1 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 must be set by the directors.
- 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 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 the Rules. It 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 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.
- 19.14 The decision of the arbitration committee is final.
- 19.15 Unless the arbitration committee decides otherwise, the parties must bear their own costs.
- 19.16 If a party fails to comply with the provisions of this Part, 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 Rules.
- 20.02 (1) A notice or other document which must be served by the Co-operative may be served
 - a) by mailing it 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) by personal service, or
 - c) as is otherwise required or permitted by the Act or Rules.

(2) A notice or other document served under subsection (1) is deemed received on the second day, not including Sundays and statutory holidays, after the date of mailing.

- 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 by the signature or signatures of
- a) any two directors,
 - b) an officer and a director,
 - 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.