

GENERAL BY-LAWS OF KARMA CO-OPERATIVE, INC.

**BE IT ENACTED as General By-law No. 1 of
KARMA CO-OPERATIVE, INC. as follows:**

ARTICLE I – GENERAL

Head Office

1. The head office of the Co-operative shall be located at the City of Toronto in the Municipality of Metropolitan Toronto and at such place therein as the directors may from time to time determine.
2. The seal of the Co-operative shall have inscribed thereon the words "KARMA CO-OPERATIVE, INC."

and the seal impressed
in the margin of these by-laws
is hereby adopted as the seal
of the Co-operative.

ARTICLE II – MEMBERSHIP

1. Membership in the Co-operative shall consist of those individuals, 16 years of age or over, and of those corporations who are from time to time accepted as members in the manner specified by the Board of Directors and whose membership has not been terminated by expulsion or withdrawal. Membership shall be open to all who agree to accept the obligations of membership as specified in the membership application and such applications to continue membership as the Board may from time to time require.

Administration of Membership

2. The Board of Directors shall set, or shall delegate the authority to set, the forms of applications to commence, continue, and terminate membership, the initial and annual fees to be paid by members, and the procedures to accept memberships and resignations.

Administration by Households

3. The Board of Directors may authorize the administration of memberships of individuals residing at a common address as a household membership, in which the voting and other democratic rights are retained by individuals but the economic rights to make use of the services of the Co-operative and the concomitant obligations are shared jointly and severally by the members of the household, and in which notices of meetings and other official documents are addressed in common to the members of the household.

Member Loans

4. The members of the Co-operative shall from time to time, by resolution adopted at a general meeting, set the amount and the payment terms of an interest-free loan which all new and continuing members are required to lend to the Co-operative. Upon termination of

membership, this loan is returnable in accordance with the provisions of the Co-operative Corporations Act, and shall not be abrogated except to satisfy indebtedness to the Co-operative, or to satisfy the provisions of the Co-operative Corporations Act of Ontario that member loans may not be returned in these two cases:

- a) if the Co-operative is insolvent or if the return of member loans would render the Co-operative insolvent, or
- b) if return of member loans would in the opinion of the Board of Directors be detrimental to the financial stability of the Co-operative.

Nothing in this section shall be construed as preventing the Board of Directors from borrowing other money from members, not as a mandatory condition of membership, under such other terms and conditions as are acceptable to the lenders.

Membership not Transferable

5. Neither membership in the Co-operative nor the fees paid for membership shall be transferable to another member; however, loans due to be returned to or on behalf of a resigning member may, upon that member's request, be transferred to the credit of another member.

Determination of Rights of Members

6. The rights of members are of two kinds, the democratic right to vote at meetings of the Co-operative and serve on its Board or committees, and the economic right to purchase its goods and services by paying money or performing work. Only those members who are not delinquent in meeting their financial and other obligations to the Co-operative have these rights. These obligations include, but are not limited to, the payment of the annual fee, the payment of the member loan, the payment of any other monetary debts to the co-operative, and the performance of any work required of the member. The Board of Directors shall establish regulations for determining when a member has met these obligations; however, no member shall lose democratic rights unless his or her obligations are overdue by four or more months. Only those members who are eligible to exercise democratic rights or whose eligibility expires four weeks or less before the date of a meeting have the right to be notified of that meeting of the Co-operative.

Membership Withdrawal

7. Upon written notice, a member may withdraw from membership. A member who, without giving notice of an intention to return to active membership, is more than six months delinquent in paying the annual fee of the current fiscal year shall be deemed to have withdrawn from membership. Upon receipt of notice that a member has died, the member will be deemed to have resigned, and any monies ordinarily due to be repaid to a resigning member shall be paid instead to the estate of the deceased member.

Membership Expulsion

8. The Co-operative may upon resolution of the Board of Directors expel any member pursuant to the procedures outlined in the Co-operative Corporations Act of Ontario.

ARTICLE III – MEETING OF MEMBERS

1. The annual meeting of the members for the election of Directors and the transaction of such other business as may properly be brought before an annual meeting of members shall be held at the head office of the Co-operative in the month of October in each year or at such place and time as the directors may determine, but not later than five months after the end of each fiscal year. The time period between consecutive annual meetings may not exceed 15 months.
2. Other meetings of the members may be convened by order of the President, Vice-President, or the Board at any time and at any place within the municipality of Metropolitan Toronto and the Secretary shall send the requisite notice of such meeting to the members of the Co-operative.

Requisition for Meeting

3. (a) Not less than one-twentieth of the members of the Co-operative entitled to vote at the meeting proposed to be held, may request the directors to call a general meeting of the members for any purpose connected with the affairs of the Co-operative, that is not inconsistent with the Co-operative Corporations Act.

Requisition

- (b) The requisition shall state the general nature of the business to be presented at the meeting and shall be signed by the requisitionists and deposited at the head office of the Co-operative and may consist of several documents in like form signed by one or more requisitionists.

Directors To Call Meeting

- (c) Upon deposit of the requisition, the directors shall call forthwith a general meeting of the members for the transaction of the business stated in the requisition.

Requisitionists May Call Meeting

- (d) If the directors do not within 21 days from the date of the requisition call and hold such meeting, any of the requisitionists may call such meeting which shall be held within 60 days from the date of the deposit of the requisition.

Calling of Meeting

- (e) A meeting called under this section shall be called as nearly as possible in the same manner as meetings of members are called under the Co-operative by-laws.

Repayment of Expenses

- (f) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors to call such meeting shall be repaid to the requisitionists by the Co-operative and any amount so repaid shall be retained by the Co-operative by way of fees or other remuneration in respect of their services to such of the directors as were in default unless at such meeting the members by a majority of the votes cast reject the repayment to the requisitionists.

Business of Meeting

4. At a special general meeting of the Co-operative only the business stated in the notice calling such meeting may be transacted.

Notice of Annual and General Meeting

5. (a) Notice of any annual meeting or other general meeting of the members of the Co-operative shall be given to each member of the Co-operative entitled to receive such notice under Article II 6.
- (b) The notice of any meeting of members shall state the proposed business to be transacted at the meeting and the availability of any further information about such business; copies of any such further information must always be made available for distribution at the co-operative's head office, in addition to any other methods by which it is made available.
- (c) In the absence of the member's waiving such delivery as provided in section III.5(f) or III.5(g), such notice must be delivered personally to the member or must be mailed to the address shown in the records of the Co-operative.
- (d) When more than one member is listed under the same address in the records of the Co-operative, a single copy of the notice may bear the names of all such members living at that address and may be mailed to that address or given personally to any member to whom the copy is addressed.
- (e) Such notice shall be deemed to be well and properly given if mailed or delivered at least 10 days prior to the date fixed for the holding of such meeting or, if transmitted by any other means of text delivery, transmitted on a date such that, if the transmission is not successful, notice shall be mailed or delivered at least 10 days prior to the date fixed for the holding of such a meeting.
- (f) Any member may waive the right to personal or postal delivery of future notice of meetings by electing any other method of text delivery mutually acceptable to the member and to the Secretary. The member must make, amend, or cancel such election in writing or by using the same method of text delivery as elected for the notices of meeting. When such a text delivery method becomes unavailable, either generally or for the specific member, delivery will revert to mail or personal delivery.
- (g) Any member who has not waived personal or postal delivery of notice but who receives notice by any other method of text delivery may acknowledge receipt of the notice by the same method and waive subsequent mail or personal delivery of notice of that specific meeting.

Accidental Omission of Notice

6. When notice is received generally by the members of the Co-operative, the accidental omission to give notice to any member thereof or the non-receipt of any notice by any member thereof shall not invalidate any resolution passed or any proceedings taken at such meeting.

Voting Rights

7. No member shall have more than one vote at any meeting of the Co-operative, and voting by proxy shall not be permitted, except that a corporate member may appoint under its

corporate seal one of its officers or directors to attend and vote on its behalf at meetings of members.

Voting

8. Unless otherwise provided, all questions arising at any meeting shall be decided by a majority of votes.

Waiving Notice

9. Notwithstanding anything in these by-laws contained, no notice of any annual meeting of members, or other general meeting of members shall be necessary:
 - (a) where all the members entitled to vote at such meetings are present in person, and in the case of an annual meeting, consent to the transaction of business, or in the case of any other general meeting, consent to the transaction of business for which such meeting is being held; or
 - (b) where all members entitled to vote at such meeting who are not present either before or after the meeting waive in writing notice of the meeting, or in the case of a general meeting other than the annual meeting, notice of the meeting and of the purpose for which it is being held.

Quorum

10. At every annual and other general meeting of the Co-operative 10% of the members or 30 members, whichever is the lesser, present in person, shall be necessary to constitute a quorum for the transaction of business.

Absence of Quorum

11. If at any annual or other general meeting of the Co-operative a quorum is not present within 60 minutes of the time for which the meeting is called, the meeting, if convened upon requisition of the members, shall be dissolved, and in any other case the presiding officer shall adjourn the meeting to a date not less than 7, and not more than 15 days thereafter and the decision of the adjourned meeting shall be binding upon the Co-operative provided that at least two members are present. Notice of the adjourned meeting shall be given by the Secretary in the manner herein provided 5 days previous to the date of adjourned meeting.

ARTICLE IV – DIRECTORS

1. The business of the Co-operative shall be under direction and control of a Board of ten directors who may exercise all such powers and do all such acts and things as may be exercised or done by the Co-operative and are not by the by-laws of the Co-operative or by statute expressly directed to be done by the Co-operative at a general meeting of the members.

Qualifications of Directors

2. The qualifications of each director shall be:
 - (a) that he or she is a member who is entitled to vote at general meetings of the Co-operative, and at least 18 years of age

- (b) that he or she is not more than one month in arrears in payment of his or her loan
- (c) that he or she is not an employee of the Co-operative other than an officer mentioned in Article V Section (1)
- (d) that he or she is not engaged in any business which, in the opinion of the directors, is in direct conflict with that of the Co-operative.

Election and Term of Office of Directors

- 3. (a) At each annual general meeting, a number of Directors equal to half the size of the Board shall be elected to hold office for a term of two years, and immediately following this election additional Directors shall be elected for a term of one year if required to fill any vacancies remaining on the Board, unsuccessful candidates in the first election being eligible in the second.

Limitations on Duration of Service as Director

- (b) Any person who has served as a Director for any part of each of four consecutive Board service years shall not be eligible to serve as a Director during any part of the fifth consecutive year. A "Board service year" is the time between successive commencements of term. No member may be elected to serve as a Director unless he or she is eligible to complete the term for which he or she is elected.

Nominations, and Chairperson for Elections

- 4. (a) At least two months prior to each annual meeting the board shall appoint a member of the Co-operative as chairperson of the nominating committee with authority to choose additional committee members.
- (b) The Nominating Committee shall recommend to the annual meeting the name of at least one candidate for each vacancy on the Board to be filled at the meeting.
- (c) All nominations made in advance of the meeting are to be made to the Nominating Committee in writing supported by a letter from the nominee by which he or she consents to stand for office and specifies the term of office (two years, one year, or both) covered by that consent.
- (d) Prior to the meeting, the Nominating Chairperson shall prepare official ballots for the election of directors that can be distributed to each member eligible to vote at the time of meeting registration, on which votes can be clearly indicated, and from which votes can be counted efficiently.
- (e) The Nominating Chairperson shall be Chairperson for the purpose of conducting the election at the annual meeting, except that in the event that the Nominating Chairperson is nominated and is agreeable to stand for office, then the Nominating Chairperson shall stand down and a new Chairperson for the purpose of conducting the elections shall be nominated from the floor from among voting members not running for office or in office.
- (f) The Nominating Chairperson shall present the nominations received by him or her in advance of the meeting, and in addition the Chairperson of elections shall call for nominations from the floor. Only those nominations from the floor which are accepted in person or for which written acceptance is submitted shall be accepted. Nominations shall be on an individual basis and the Chairperson shall not accept a blanket motion to elect Directors until after nominations have been closed. At any annual meeting at

which a by-election for one-year terms is to be held, the by-election shall follow the election of Directors to full two-year terms. Nominations for the by-election shall not be closed until after the election of Directors to full terms has been completed, and any unsuccessful candidate in the said election may be nominated for the by-election.

Ballot

5. Elections shall be by ballot. Any ballot which contains votes for more or fewer duly nominated candidates than the number required to be elected shall be void.

Vacation of Office

6. The office of a director shall be vacated:
 - (a) if he or she becomes bankrupt or suspends payments or compounds with his or her creditors or makes an authorized assignment or is declared insolvent;
 - (b) if he or she ceases to have the necessary qualifications for office;
 - (c) if he or she is absent without leave of the directors from three consecutive regular meetings of the Board;
 - (d) if by notice in writing to the Co-operative he or she resigns his or her office; or
 - (e) if by resolution passed by at least a majority of the votes cast at a general meeting called for that purpose, he or she is removed from office.

Filling Vacancies

7. Whenever any vacancy occurs on the Board of Directors, the remaining members thereof, so long as there is a quorum in office, may appoint a member to the said Board to serve until the next commencement of term. At the annual meeting of members following the occurrence of a vacancy, if there remains a year on the term of office of the Director causing the vacancy, the members shall elect a candidate to fill the remainder of the term in a by-election following the election of Directors to full two-year terms.

Regular Meetings

8. Regular meetings of the Board of Directors shall be held at least monthly on such days as the directors determine.

Place of Meeting and Notice Thereof

9. Meetings of directors may be held at the head office of the Co-operative or elsewhere as the directors may from time to time determine. A meeting of directors may be convened by the President or Vice-President or any three directors at any time, and the Secretary by direction of the President or Vice-President or any three directors shall convene a meeting of directors. Notice of such meeting shall be delivered or mailed or telegraphed or telephoned to each director not less than two days (exclusive of the day on which the notice is delivered, mailed, telegraphed, or telephoned, but inclusive of the day for which notice is given) before the meeting is to take place; provided always that meetings of the Board of Directors may be held at any time without formal notice if all the directors are present or those absent have waived notice or have signified their consent in writing to the meeting being held in their absence. Notice of any meeting or any irregularity in any meeting or notice thereof may be waived by a director.

In the case of the first meeting of the Board of Directors to be held immediately following an annual meeting, or in the case of a director elected to fill a vacancy on the Board, it shall not be necessary to give notice of such meeting to the newly elected director or directors in order to legally constitute the meeting, provided that a quorum of directors is present.

Quorum

10. A majority of the Directors shall constitute a quorum at any meeting of the Board of Directors.

Voting

11. Questions arising at any meeting of the directors shall be decided by a majority of votes. Each member of the Board is entitled to one vote.

Remuneration of Directors

12. The directors will serve without pay except that the Board by resolution, confirmed by an annual meeting or a special general meeting called for that purpose, may award special remuneration to any director undertaking special services on behalf of the Co-operative other than the work ordinarily required of a director. The directors shall also be entitled to be paid their travelling or other expenses incurred by them in connection with the business of the Co-operative.

Indemnification

13. (a) Subject to subsection 13(b) every Director and officer of the co-operative and his or her heirs, executors, administrators, and other legal personal representatives shall from time to time be indemnified and saved harmless by the co-operative from and against,
 - (i) any liability and all costs, charges, and expenses that he or she sustains or incurs in respect of any action, suit, or proceeding that is proposed or commenced against him or her for in respect of the execution of the duties of his or her office; and
 - (ii) all other costs, charges, and expenses that he or she sustains or incurs in respect of the affairs of the cooperative.
- (b) No Director or officer of the co-operative shall be indemnified by the co-operative in respect of any liability, costs, charges or expenses that he or she sustains or incurs in or about any actions, suit or other proceeding as a result of which he or she is adjudged to be in breach of any duty or responsibility imposed upon him or her under the Co-operative Corporations Act or under any other statute unless, in an action brought against him or her in his or her capacity as a Director or officer, he or she has achieved complete or substantial success as a defendant.

ARTICLE V – OFFICERS

1. The Board of Directors shall annually or oftener as may be required, elect a President, a Vice-President, a Secretary, a Treasurer (and if deemed advisable, an Assistant Secretary and an Assistant Treasurer). None of the said officers except the President and Vice-President need be a member of the Board of Directors. Any two of the aforesaid offices may be held by the same person, except those of President and Vice-President. In case and whenever the same person holds the office of Secretary and Treasurer, he or she may,

but need not be, known as the Secretary-treasurer. A vote of the majority of the Board of Directors shall be necessary for the election or appointment of the said officers. The board of Directors may from time to time elect or appoint such other officers and agents as it shall deem necessary who shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board.

Remuneration and Removal of Officers

2. The remuneration of all officers elected or appointed by the Board shall be determined from time to time by resolution of the Board of Directors. The fact that any officer or employee is a director or member of the Co-operative shall not disqualify him from receiving such remuneration as may be determined. All officers, in the absence of agreement to the contrary shall be subject to removal by resolution of the Board of Directors at any time with or without cause provided that a majority of the Board shall vote in favour thereof.

Duties of Officers May be Delegated

3. In the case of the absence or inability to act of the President, Vice-President, or any other officer of the Co-operative or for any other reason that the Board of Directors may deem sufficient the Board may delegate all or any of the powers of such officer to any other officer or to any director for the time being, provided that a majority of the Board concurs therein.

The President

4. The President shall if present preside at all meetings of members and directors. He or she shall sign all instruments which require his or her signature and shall perform all duties incident to his or her office and shall have such other powers and duties as may from time to time be assigned to him or her by the Board. The president may appoint an assistant to the chair who may act as the principal facilitator of a meeting of the members or directors, with authority limited by approval of the chair, and with compensation for this position fixed by the Board.

The Vice-President

5. The Vice-President shall be vested with all the powers and shall perform all the duties of the President in the absence or disability or refusal to act of the President. The Vice-President shall also have such other powers and duties, if any, as may from time to time be assigned to him or her by the Board.

The Secretary

6. The Secretary shall issue or cause to be issued notices for all meetings of the Board of Directors and members when directed to do so; have charge of the minute books and seal of the Co-operative; sign with the President or other signing officer or officers of the Co-operative such instruments as require his or her signature and shall perform such other duties as the terms of his engagement call for or the Board of Directors may from time to time properly require of him or her.

The Secretary or some other officer specially charged with the duty shall keep or cause to be kept a book or books or other suitable records wherein shall be kept recorded:

- (a) a copy of the Letters Patent and of any Supplementary Letters Patent issued to the Co-operative and the by-laws of the Co-operative duly authenticated;

- (b) the names, alphabetically arranged, of all persons who are or have been members of the Co-operative;
- (c) the post office address of every such person, while such member;
- (d) the names, post office addresses and callings of all persons who are or have been directors of the Co-operative, with the date at which each person became or ceased to be such a director;
- (e) the amounts paid and remaining unpaid respectively on the membership fee of each member.

The Treasurer

- 7. The Treasurer shall have the care and custody of all funds and securities of the Co-operative and shall deposit the same in the name of the Co-operative in such bank or banks or with such depository or depositories as the Board of Directors may direct. He or she shall at all reasonable times exhibit his or her books and accounts to any director of the Co-operative upon application at the office of the Co-operative during business hours. He or she shall sign or countersign such instruments as require his or her signature and shall perform all duties incident to his or her office or that are properly required of him or her by the Board. He or she shall be required to give such bond as the Board of Directors in their uncontrolled discretion may require and no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Co-operative to receive any indemnity thereby provided.

General Manager

- 8. The Board of Directors may from time to time appoint a general manager who shall not be one of the directors of the Co-operative and may delegate to him or her full authority to manage and direct the affairs of the Co-operative (except such matters and duties as by law must be transacted or performed by the Board of Directors or by the members in general meeting), and to employ, discharge and fix the wages or salaries of temporary agents and employees of the Co-operative or may delegate to him or her lesser power. The general manager shall conform to all lawful orders given him or her by the Board of Directors of the Co-operative. He or she shall at all reasonable times give to the directors, or any of them, all information they may require regarding the affairs of the Co-operative.

Vacancies

- 9. If the office of the President, Vice-President, Secretary (or Assistant Secretary), Treasurer (or Assistant Treasurer), one or more, shall be or become vacant by reason of death, resignation, disqualification or otherwise, the directors by resolution may elect or appoint an officer to fill such vacancy.

ARTICLE VI – BORROWING POWERS

- 1. The directors may from time to time:
 - (a) borrow on the credit of the Co-operative;
 - (b) issue, sell or pledge securities of the Co-operative; and
 - (c) charge, mortgage, hypothecate or pledge all or any or the real personal property of the Co-operative including book debts, rights, powers, franchises; and

- (d) undertake to secure any securities or any money borrowed, or other debt, or any other obligation or liability of the Co-operative.

In Addition To Other Powers

2. The powers hereby conferred shall be deemed to be in supplement of and not in substitution for any powers to borrow money for the purposes of the Co-operative possessed by its directors or officers independently of a borrowing by-law.

ARTICLE VII – AUDITORS

1. The members at each annual meeting shall appoint an auditor who is familiar with co-operative accounting practice. The auditor when appointed shall hold office until the next annual meeting, and, if an appointment is not so made, the auditor in office shall continue in office until a successor is appointed. The remuneration of the auditor shall be fixed by the directors.
2. The auditor shall at all reasonable times have access to the books, accounts and vouchers of the Co-operative and may require from the directors and officers such information and explanations as may be necessary for the performance of his or her duties.
3. The auditor shall make a report to the members on the financial statement to be laid before the Co-operative at each annual meeting during his or her term of office and shall state in his or her report whether in his or her opinion the financial statement referred to therein presents fairly the financial position of the Co-operative and the results of its operations for the period under review.

ARTICLE VIII – CHEQUES, DRAFTS, AND NOTES

1. All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or officers or persons whether or not officers of the Co-operative and in such manner as the Board of Directors may from time to time designate.

ARTICLE IX – CUSTODY OF SECURITIES

1. All shares and securities owned by the Co-operative shall be placed for safe keeping (in name of Co-operative) with a chartered bank, or trust company, or the Province of Ontario Savings Office, or with such other corporation as may be determined from time to time by the Board of Directors.

ARTICLE X – EXECUTION OF INSTRUMENTS

1. Contracts, documents or any instruments in writing requiring the signature of the Co-operative may be signed by the President or Vice-President and the Secretary or the Treasurer, and all contracts, documents and instruments in writing so signed shall be binding upon the Co-operative without any further authorization of formality. The Board of Directors shall have power from time to time by resolution to appoint any officer or officers, person or persons, 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.

ARTICLE XI – FISCAL YEAR

1. The financial or fiscal year of the Co-operative shall terminate on the last Saturday of May in each year.

ARTICLE XII – SIGNATURE OF NOTICES

1. The signature to any notice to be given by the Co-operative may be written, stamped, typewritten or printed, or partly written, stamped, typewritten or printed.

Proof of Service

2. A certificate of the Secretary, or other duly authorized officer of the Co-operative in office at the time of the mailing of the certificate, as to facts in relation to the mailing or delivery of any notice to any member, director or officer, or publication of any notice, shall be prima facie evidence thereof and shall be binding on every member, director or officer of the Co-operative as the case may be.

ARTICLE XIII – AMENDMENT

1. Amendment of these by-laws requires:
 - (a) passage by the Board of Directors; and
 - (b) confirmation with or without variation by at least two-thirds of the votes cast at a general meeting of the members of the Co-operative duly called for that purpose.
2. It shall be the duty of the Secretary to file a copy of these by-laws and of every subsequent by-law of the Co-operative and every amendment thereto certified by the President and Secretary with the seal of the Co-operative fixed, in the office of the Provincial Secretary within 30 days of confirmation thereof as required by the Co-operative Corporation Act.

ARTICLE XIV – INTERPRETATION

1. In all by-laws of the Co-operative, the singular shall include the plural, and the plural the singular; the word "person" shall include firms and corporations, and the masculine shall include the feminine. Wherever reference is made in this by-law to any statute or section thereof such reference shall be deemed to extend and apply to any amendment to said statute or section as the case may be.

