

A by-law relating generally to the conduct
of the affairs of

Canadian Fair Trade Network
(a federal corporation)
(the "Corporation")

(*Amended and accepted by the membership, at our AGM, held on February 26th, 2017)

BE IT ENACTED as a by-law of the Corporation as follows:

1. Definition

In this by-law and all other by-laws of the Corporation, unless the context otherwise requires:

"**Act**" means the *Canada Not-For-Profit Corporations Act* S.C. 2009, c.23 including the Regulations made pursuant to the Act, and any statute or regulations that may be substituted, as amended from time to time;

"**articles**" means the original or restated articles of incorporation or articles of amendment, amalgamation, continuance, reorganization, arrangement or revival of the Corporation;

"**board**" means the board of directors of the Corporation and "director" means a member of the board;

"**by-law**" means this by-law and any other by-law of the Corporation as amended and which are, from time to time, in force and effect;

"**Director**" means a member of the board;

"**meeting of members**" includes an annual meeting of members or a special meeting of members; "special meeting of members" includes a meeting of any class or classes of members and a special meeting of all members entitled to vote at an annual meeting of members;

"**ordinary resolution**" means a resolution passed by a majority of not less than 50% plus 1 of the votes cast on that resolution;

"**proposal**" means a proposal submitted by a member of the Corporation that meets the requirements of section 163 (Shareholder Proposals) of the Act;

"**Regulations**" means the regulations made under the Act, as amended, restated or in effect from time to time; and

"**special resolution**" means a resolution passed by a majority of not less than two-thirds (2/3) of the votes cast on that resolution.

2. Interpretation

In the interpretation of this by-law, words in the singular include the plural and vice-versa, words in one gender include all genders, and "person" includes an individual, body corporate, partnership, trust and unincorporated organization.

Other than as specified above, words and expressions defined in the Act have the same meanings when used in these by-laws.

3. Corporate Seal

The Corporation may have a corporate seal in the form approved from time to time by the board. If a corporate seal is approved by the board, the secretary of the Corporation shall be the custodian of the corporate seal.

4. Execution of Documents

Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by the Corporation may be signed by any two (2) of its officers or directors. In addition, the board may from time to time direct the manner in which and the person or persons by whom a particular document or type of document shall be executed. Any person authorized to sign any document may affix the corporate seal (if any) to the document. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the Corporation to be a true copy thereof.

5. Board Policies

The Board may adopt, amend, or repeal such board policies that are not inconsistent with By-laws of the Corporation relating to the management and operation of the Corporation as the Board may deem appropriate from time to time. Any board policy adopted by the Board shall continue to have force and effect until amended, repealed, or replaced by a subsequent resolution of the Board.

6. Financial Year

Unless otherwise changed by resolution of the Board, the financial year end of the Corporation shall be the 15th day of December in each year.

7. Banking Arrangements

The banking business of the Corporation shall be transacted at such bank, trust company or other firm or corporation carrying on a banking business in Canada or elsewhere as the board of directors may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of the Corporation and/or other persons as the board of directors may by resolution from time to time designate, direct or authorize.

8. Annual Financial Statements

The Corporation may, instead of sending copies of the annual financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act to the members, publish a notice to its members stating that the annual financial statements and documents provided in subsection 172(1) are available at the registered office of the Corporation and any member may, on request, obtain a copy free of charge at the registered office or by prepaid mail.

9. Public Accountant and Financial Review

- i. Unless otherwise permitted by the Act, the Members shall, by Ordinary Resolution at each annual meeting, appoint a public accountant to hold office until the next following annual meeting in accordance with the Act.
- ii. If the Corporation meets the requirements for a “designated corporation” under the Act (by having \$1 million or less in gross annual revenues for its last completed financial year), the Members may resolve not to appoint a public accountant upon unanimous approval of the Members. If a public accountant is appointed, the public accountant must conduct a review engagement of the Corporation’s financial statements, but the Members may by an Ordinary Resolution require an audit be conducted.
- iii. The public accountant must meet the qualifications in the Act, including being independent of the Corporation and its affiliates, as well as the Directors and Officers of the Corporation and its affiliates. The Directors may fill any casual vacancy in the office of the public accountant to hold office until the next following annual meeting. The remuneration of the public accountant may be fixed by Ordinary Resolution of the Members, or if not so fixed, shall be fixed by the Board.

10. Borrowing Powers

- i. Subject to the limitations set out in the Act, the Articles and this By-law, the Board may: borrow money on the credit of the corporation;
- ii. issue, reissue, sell, pledge or hypothecate debt obligations of the corporation;
- iii. mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired, to secure any debt obligation of the corporation; and
- iv. any such decision would require the support of 3/4 of the directors.

11. Annual Financial Statements

The Corporation shall send to the members a copy of the annual financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act or a copy of a publication of the Corporation reproducing the information contained in the documents. Instead of sending the documents, the Corporation may send a summary to each member along with a notice informing the member of the procedure for obtaining a copy of the documents themselves free of charge. The Corporation is not required to send the documents or a summary to a member who, in writing, declines to receive such documents.

12. Membership Conditions

Subject to the articles, there shall be **one class of members** in the Corporation. Membership in the Corporation shall be open to the public and available to individuals interested in furthering the Corporation's purposes and who have applied for and been accepted into membership in the Corporation. Membership will be open for public subscription.

13. Terms of Membership

Memberships are one year in length. Members will be notified by automated electronic means prior to expiration. Memberships will be automatically renewed, unless notification to cancel the membership is received from the member, and the member removes themselves from the automated renewal system.

An annual membership due will be charged to ensure members show their support and keep up to date with the proceedings of the organization.

14. Rights of Members

Each Member shall have the right to receive notice of, attend, speak, make motions, nominate candidates for the Board of Directors, and participate at all meetings of Members.

15. Language – Bilingualism

The board and organization will:

- i. To the best of the organizations ability, all governance related documentation and those articles pertaining to the Annual General Meeting will be made available in both English and French.
- ii. The board will do it's best to adhere to the principles of bilingualism with all board documentation, or if requested.
- iii. The organization will strive to produce all materials; website content, social media, campaign materials, etc. in English and French.

16. Notice of Members Meeting

Notice of the time and place of a meeting of members shall be given to each member entitled to vote at the meeting by telephonic, electronic or other communication facility to each member entitled to vote at the meeting, a minimum of **28 days** before the day on which the meeting is to be held.

Notice of elections, vacancies and calls for nomination will be sent to all members a minimum of **28 days** prior to the meeting date

The agenda and all supporting documentation needing review will be sent to all members a minimum of **28 days** prior to the meeting date.

If a member requests that the notice be given by non-electronic means, the notice will be sent by mail, courier or personal delivery.

17. Members Calling a Members' Meeting

The board of directors shall call a special meeting of members in accordance with Section 167 of the Act, on written requisition of members carrying not less than 20% of the voting rights. If the directors do not call a meeting within twenty-one (21) days of receiving the requisition, any member who signed the requisition may call the meeting.

18. Absentee Voting at Members' Meetings

Pursuant to section 171(1) (Absentee Voting) of the Act, a member entitled to vote at a meeting of members may vote by mailed-in ballot or by means of a telephonic, electronic or other communication facility if the Corporation has a system that:

- i. enables the votes to be gathered in a manner that permits their subsequent verification, and
- ii. permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each member voted.

19. Membership Dues

The board will determine dues payable by the members; and may change the rate from time to time on an annual basis. Members shall be notified in writing of the membership dues payable by them for membership renewal, and, if any are not paid within one (1) calendar month of the membership renewal date the members in default shall automatically cease to be members of the Corporation.

20. Termination of Membership

A membership in the Corporation is terminated when:

- i. the member dies, or, in the case of a member that is a corporation, the corporation is dissolved;
- ii. a member fails to maintain any qualifications for membership described in Section 13 and 19 of these by-laws;
- iii. the member resigns by delivering a written resignation to the chair of the board of the Corporation in which case such resignation shall be effective on the date specified in the resignation;
- iv. the member is expelled in accordance with Section 21 below or is otherwise terminated in accordance with the articles or by-laws; or
- v. the Corporation is liquidated or dissolved under the Act.

Subject to the articles, upon any termination of membership, the rights of the member, including any rights in the property of the Corporation, automatically cease to exist.

21. Discipline of Members

The members (with 2/3 support of all members) shall have authority to suspend or expel any member from the Corporation for any one or more of the following grounds:

- i. violating any provision of the articles, by-laws, or written policies of the Corporation;
- ii. carrying out any conduct which may be detrimental to the Corporation as determined by the board in its sole discretion;
- iii. for any other reason that the board in its sole and absolute discretion considers to be reasonable, having regard to the purpose of the Corporation.

In the event that the members determine that a member should be expelled or suspended from membership in the Corporation, a written resolution will be presented to the board, where the president, or such other officer as may be designated by the board, shall provide twenty (20) days' notice of suspension or expulsion to the member and shall provide reasons for the proposed suspension or expulsion. The member may make written submissions to the president, or such other officer as may be designated by the board, in response to the notice received within such twenty (20) day period. In the event that no written submissions are received by the president, the president, or such other officer as may be designated by the board, may proceed to notify the member that the member is suspended or expelled from membership in the Corporation. If written submissions are received in accordance with this section, the board will consider such submissions

in arriving at a final decision and shall notify the member concerning such final decision within a further twenty (20) days from the date of receipt of the submissions. The board's decision shall be final and binding on the member, without any further right of appeal.

- i. Upon completion of the 20 day period, if ruled by the board, backed by 2/3rd's of the members, the member in question will have their membership revoked and will not be eligible for membership for one years' time

22.Nominating Directors Prior to Annual Members Meetings

All members in good standing are eligible to become directors of the organization provided they meet all the eligibility requirements.

The general process for submitting nominations in advance of the general meeting is established by the board of directors and is subject to change by the board. Nominations must be received by the chair of the board 24 hours prior to the scheduled start of the general meeting.

The call for director nominations must go out no less than 28 days prior to the scheduled general meeting. The call for nominations must be circulated throughout the entire membership with additional focus on any region where a regional seat is up for election. This is the responsibility of the board as a whole, the executive director, and any board member in an affected region.

Eligibility requirements include

- i. Directors must not have direct interest in the commercial selling or certifying of Fair Trade products.
- ii. In the case of selling, profit must not exceed a maximum of \$5,000 annually. All sales must be made transparent to the board. Relevant financial details from the prior twelve months and expectations for the upcoming twelve months must be disclosed to the board (at the AGM) and will subsequently be made available to any member upon request.
- iii. The chair, the executive and remaining board members hold the right to question or dismiss a director if the director in question violates this stipulation. The decision to remove must be agreed upon by a majority of board members, before any such action can be taken.

23.Proposals Nominating Directors at Annual Members' Meetings

Subject to the Regulations under the Act, any proposal may include nominations for the election of directors entitled to vote at the meeting at which the proposal is to be presented. This nomination from the floor must be accompanied by a supporting list of members showing more than 5% of member support.

A list of members must be maintained and made available at any time upon request of a member.

Upon nomination from the floor, the individual in question must present themselves as an eligible director and succumb to described voting procedures.

24.Cost of Publishing Proposals for Annual Members' Meetings

The member who submitted the proposal shall pay the cost of including the proposal and any statement in the notice of meeting at which the proposal is to be presented unless otherwise provided by ordinary resolution of the members present at the meeting.

25. Place of Members' Meeting

Subject to compliance with section 159 (Place of Members' Meetings) of the Act, meetings of the members may be held at any place within Canada determined by the board or, if all of the members entitled to vote at such meeting so agree, outside Canada.

26. Persons Entitled to be Present at Members' Meetings

Members, non-members, directors and the public accountant of the Corporation are entitled to be present at a meeting of members. However, only those members entitled to vote at the members' meeting according to the provisions of the Act, articles and by-laws are entitled to cast a vote at the meeting.

Anyone is welcome to attend as an observer and participate by becoming a member.

27. Chair of Members' Meetings

In the event that the chair of the board and the vice-chair of the board are absent, the members who are present and entitled to vote at the meeting shall choose one of their number to chair the meeting.

28. Quorum at Members' Meetings

A quorum at any meeting of the members will be met as long as quorum of the board is present.

Members will be presented with adequate time to be in attendance, as per above bylaw pertaining to notification.

29. Votes to Govern at Members' Meetings

At any meeting of members every question shall, unless otherwise provided by the articles or by-laws or by the Act, be determined by a majority of the votes cast on the questions. Each voting member:

- i has only one vote;
- ii may exercise that vote on every matter; and
- iii may only vote if they are in good standing.

The Chair does not have a second or casting vote. If a vote is tied, the proposed resolution does not pass.

30. Participation by Electronic Means at Members' Meetings

The Corporation will make available a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during a meeting of members, any person entitled to attend such meeting may participate in the meeting by means of such telephonic, electronic or other communication facility in the manner provided by the Act. A person

participating in a meeting by such means is deemed to be present at the meeting. Notwithstanding any other provision of this by-law, any person participating in a meeting of members pursuant to this section who is entitled to vote at that meeting may vote, in accordance with the Act, by means of any telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

31. Members' Meeting Held Entirely by Electronic Means

The Annual General Meeting must be held in person each year, with call-in options.

Special General Meetings however, may be held entirely by telephonic, an electronic or other communication facility.

32. Number of Directors

The board shall consist of the minimum and maximum number of Directors specified in the Articles. The precise number of Directors on the board shall be determined from time to time in accordance with the composition of the board set out in section 33, by the Members by Ordinary Resolution or, if the Ordinary Resolution empowers the Directors to determine the number of the Directors, by resolution of the board.

33. Affiliation and location of directors

The board shall consist of regional directors according to the articles. This is to maintain regional representation and leadership. At a minimum the board shall consist of at least one director for each provincial region defined as: BC&YT, AB&NT, SK, MB&NU, ON, QC and PE&NB&NS&NL.

- i A minimum of one seat will be held for each region. In the event that a director of a select region cannot be found, the seat will be left vacant till which point it can be filled.
- ii All elected directors running for a regional seat must specify the region in which they intend to run for in their nomination. Any one region can have up to, but not exceeding three (3) regional seats.
- iii The board shall determine to bring on additional elected directors or appoint directors based on skill and strategic importance; appointed positions however are limited to three.

34. Term of Office of Directors

All terms for directors will be two (2) years.

- i All terms come with the obligation for an additional two months of service as an ex-officio board member immediately post-term. This two months post term is meant as a transition period – a director in this period is no longer a director of the society. They are therefore without voting privilege - effectively becoming an ex-officio director
- ii Directors are limited to a maximum of six consecutive years (three consecutive terms).
- iii After one term in absence a person may then re-run for a position on the board

35. Calling of Meetings of Board of Directors

Meetings of the board may be called by the chair of the board, the vice-chair of the board or any two (2) directors at any time.

36. Notice of Meeting of Board of Directors

Notice of the time and place for the holding of a meeting of the board shall be given in the manner provided in the section on giving notice of meeting of directors of this by-law to every director of the Corporation not less than **seven days** before the time when the meeting is to be held. Notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting. Notice of an adjourned meeting is not required if the time and place of the adjourned meeting is announced at the original meeting. Unless the by-law otherwise provides, no notice of meeting need specify the purpose or the business to be transacted at the meeting except that a notice of meeting of directors shall specify any matter referred to in subsection 138(2) (Limits on Authority) of the Act that is to be dealt with at the meeting.

- i Emergency board meetings may be convened with shorter periods of notice if quorum approves

37. Regular Meetings of the Board of Directors

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except if subsection 136(3) (Notice of Meeting) of the Act requires the purpose thereof or the business to be transacted to be specified in the notice.

38. Votes to Govern at Meetings of the Board of Directors

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chair of the meeting in addition to an original vote shall have a second or casting vote.

39. Attendance at Board and General Meetings

Unless due notice has been delivered to the board in advance of the meeting, It is expected that all directors are in attendance at every scheduled board and general meeting

- i Directors who will be absent may appoint a proxy to fulfill their commitment in their absence; the proxy may both attend and vote at meetings.

40. Committees of the Board of Directors

The board may from time to time appoint any committee or other advisory body, as it deems necessary or appropriate for such purposes and, subject to the Act, with such powers as the board shall see fit. Any such committee may formulate its own rules of procedure, subject to such regulations or directions as the board may from time to time make. Any committee member may be removed by resolution of the board of directors.

41. Appointment of Officers

The board may designate the offices of the Corporation, appoint officers on an annual or more frequent basis, specify their duties and, subject to the Act, delegate to such officers the power to manage the affairs of the Corporation. A director may be appointed to any office of the Corporation as long as they are an elected member of the board. Appointed officers are not eligible for positions of office. A maximum of two offices may be held by the same person.

42. Description of Offices

Unless otherwise specified by the board (which may, subject to the Act modify, restrict or supplement such duties and powers), the offices of the Corporation, if designated and if officers are appointed, shall have the following duties and powers associated with their positions:

- i. The President or Chair of the Board – The chair of the board shall be a director. The chair of the board, shall, when present, preside at all meetings of the board of directors and of the members. The chair shall have such other duties and powers as the board may specify.
- ii. The Vice President or Vice-Chair of the Board – The vice-chair of the board, if one is to be appointed, shall be a director. If the chair of the board is absent or is unable or refuses to act, the vice-chair of the board, if any, shall, when present, preside at all meetings of the board of directors and of the members. The vice-chair shall have such other duties and powers as the board may specify.
- iii. Secretary – If appointed, the secretary shall attend and be the secretary of all meetings of the board, members and committees of the board. The secretary shall enter or cause to be entered in the Corporation's minute book, minutes of all proceedings at such meetings; the secretary shall give, or cause to be given, as and when instructed, notices to members, directors, the public accountant and members of committees; the secretary shall be the custodian of all books, papers, records, documents and other instruments belonging to the Corporation.
- iv. Treasurer – If appointed, the treasurer shall have such powers and duties as the board may specify.
- v. Executive Director – If appointed, the Executive Director shall be the chief executive officer of the Corporation and shall be responsible for implementing the strategic plans and policies of the Corporation. The Executive Director shall, subject to the authority of the board, have general supervision of the affairs of the Corporation.

The powers and duties of all other officers of the Corporation shall be such as the terms of their engagement call for or the board or president requires of them. The board may from time to time and subject to the Act, vary, add to or limit the powers and duties of any officer.

43. Vacancy in Office

In the absence of a written agreement to the contrary, the board may remove, whether for cause or without cause, any officer of the Corporation. Unless so removed, an officer shall hold office until the earlier of:

- i. the officer's successor being appointed,

- ii. the officer's resignation,
- iii. such officer ceasing to be a director (if a necessary qualification of appointment) or
- iv. such officer's death.

If the office of any officer of the Corporation shall be or become vacant, the directors may, by resolution, appoint a person to fill such vacancy.

44. Method of Giving Any Notice

Any notice (which term includes any communication or document), other than notice of a meeting of members or a meeting of the board of directors, to be given (which term includes sent, delivered or served) pursuant to the Act, the articles, the by-laws or otherwise to a member, director, officer or member of a committee of the board or to the public accountant shall be sufficiently given:

- i. if delivered personally to the person to whom it is to be given or if delivered to such person's address as shown in the records of the Corporation or in the case of notice to a director to the latest address as shown in the last notice that was sent by the Corporation in accordance with section 128 (Notice of directors) or 134 (Notice of change of directors);
- ii. if mailed to such person at such person's recorded address by prepaid ordinary or air mail;
- iii. if sent to such person by telephonic, electronic or other communication facility at such person's recorded address for that purpose; or
- iv. if provided in the form of an electronic document in accordance with Part 17 of the Act.

A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any member, director, officer, public accountant or member of a committee of the board in accordance with any information believed by the secretary to be reliable. The declaration by the secretary that notice has been given pursuant to this by-law shall be sufficient and conclusive evidence of the giving of such notice. The signature of any director or officer of the Corporation to any notice or other document to be given by the Corporation may be written, stamped, type-written or printed or partly written, stamped, type-written or printed.

45. Invalidity of any Provisions of this By-law

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

46. Omissions and Errors

The accidental omission to give any notice to any member, director, officer, member of a committee of the board or public accountant, or the non-receipt of any notice by any such person where the Corporation has provided notice in accordance with the by-laws or any error in any notice not affecting its substance shall not invalidate any action taken at any meeting to which the notice pertained or otherwise founded on such notice.

47. Mediation and Arbitration

Disputes or controversies among members, directors, officers, committee members, or volunteers of the Corporation are as much as possible to be resolved in accordance with mediation and/or arbitration as provided in the section on dispute resolution mechanism of this by-law.

48. Dispute Resolution Mechanism

In the event that a dispute or controversy among members, directors, officers, committee members or volunteers of the Corporation arising out of or related to the articles or by-laws, or out of any aspect of the operations of the Corporation is not resolved in private meetings between the parties then without prejudice to or in any other way derogating from the rights of the members, directors, officers, committee members, employees or volunteers of the Corporation as set out in the articles, by-laws or the Act, and as an alternative to such person instituting a law suit or legal action, such dispute or controversy shall be settled by a process of dispute resolution as follows:

- The dispute or controversy shall first be submitted to a panel of mediators whereby the one party appoints one mediator, the other party (or if applicable the board of the Corporation) appoints one mediator, and the two mediators so appointed jointly appoint a third mediator. The three mediators will then meet with the parties in question in an attempt to mediate a resolution between the parties. The number of mediators may be reduced from three to one or two upon agreement of the parties.
- If the parties are not successful in resolving the dispute through mediation, then the parties agree that the dispute shall be settled by arbitration before a single arbitrator, who shall not be any one of the mediators referred to above, in accordance with the provincial or territorial legislation governing domestic arbitrations in force in the province or territory where the registered office of the Corporation is situated or as otherwise agreed upon by the parties to the dispute. The parties agree that all proceedings relating to arbitration shall be kept confidential and there shall be no disclosure of any kind. The decision of the arbitrator shall be final and binding and shall not be subject to appeal on a question of fact, law or mixed fact and law.

All costs of the mediators appointed in accordance with this section shall be borne equally by the parties to the dispute or the controversy. All costs of the arbitrators appointed in accordance with this section shall be borne by such parties as may be determined by the arbitrators.

49. By-laws and Effective Date

Subject to matters requiring a special resolution, this by-law shall be effective when made by the board.

ENACTED by the Directors of the Corporation this _____ day of _____, 2017.

Chair of the Board

Secretary

CONFIRMED by the Members of the Corporation this _____ day of _____, 2017.

Secretary