

NUMBER: AG-4.2

TITLE: Regulation concerning the election of members to Sollio Cooperative Group's Board of Directors.

WHEREAS section 43 of the Law on the Charter of Sollio Cooperative Group which provides that the seat of a Director becomes vacant in each of the cases where a director dies, or is declared bankrupt, or is prohibited or is sentenced to a infamous sentence, or abandons his domicile in the province, or resigns in writing;

WHEREAS the reputation of SCG and its Board of Directors is at the heart of its success and must be constantly protected and it is the responsibility of the directors to conduct themselves in a way that solidifies the reputation of SCG and to earn and maintain the confidence of agricultural producers, its stakeholders and the general public;

WHEREAS an admission of guilt on a variety of legislation can potentially impair SCG's ability to contract with the state or obtain permits and authorizations;

WHEREAS on the recommendation of the ad hoc committee on network governance, it is the shared responsibility of the cooperatives and sections of the network, as well as of SCG, to enforce and apply the necessary controls when they are required.

WHEREAS section 83 of the Cooperatives Act stipulates that for the formation of the Board of Directors, the cooperative may, by by-law, divide the members into groups or its sector into sectors or into groups and sectors and allocate to each of these groups and sectors the right to elect a certain number of administrators;

Upon motion duly made and seconded,
it is resolved:

THAT the Annual General Meeting of delegates of Sollio Cooperative Group's member cooperatives, having been duly informed of the Board of Directors' intention to submit a draft amendment of the regulation concerning the election of members, agrees to amend the AG-4.2 regulation, which states the following:

GENERAL PROVISIONS

- 1) The number of Board members is set at seventeen (17) directors. Of this number, fourteen (14) directors are elected based on sectoral representation, one (1) director is elected based on general representation, and two (2) are appointed by Sollio Cooperative Group's Board of Directors.
- 2) Directors have a mandate of three (3) years, except for directors appointed by the Board of Directors, who have a mandate of (1) year.
- 3) Directors in positions 1 to 13 inclusive are elected based on sectoral representation of agricultural cooperatives, and these sectors are defined by the listing of cooperatives and member sections. The General Meeting elects, by general ballot, the agricultural cooperative directors from sectors 1 to 4.
- 4) The director in position 14 is elected based on the sectoral representation of the vested-interest cooperatives that comprise sector 5. Cooperatives whose activities with Sollio Cooperative Group are limited and with recourse to the provisions in regulations AG-10 and AG-11 relating to consumer cooperatives are considered cooperatives of special interests. The General Meeting elects, by general ballot, one (1) director from a cooperative or section advisory committee from sector 5.

- 5) The director in position 15 is elected based on general representation. Position 15 is intended to promote equal representation on the Board of Directors and as such will be known as the "equity" seat. The position may only be held by a woman farmer who is also director of a member cooperative or member of a section advisory committee. The General Meeting elects, by general ballot, one (1) woman director from a cooperative or section advisory committee from sectors 1 to 5. The director in position 15 may not hold more than two (2) consecutive mandates, regardless of whether they have been completed or partially completed, and is therefore ineligible for re-election.
- 6) The seats in positions 16 and 17 are reserved for external directors, without voting rights, appointed by Sollio Cooperative Group's Board of Directors according to the profiles and qualities determined by the latter, and elected by the General Meeting.

ELIGIBILITY AND CAPS

- 7) The maximum number of eligible directors that may sit on the Board of Directors of an agricultural cooperative, in accordance with section 3, may vary and is determined based on its number of delegates determined in accordance with Regulation AG-10.

To determine the maximum distribution of eligible directors per cooperative, the total number of eligible delegates from Sectors 1 to 4 at the annual general meeting is divided by the total number of sectoral representation positions, currently set at 13. The sum is rounded to the nearest whole number and provides the final distribution of eligible positions on the Board of Directors, per cooperative.

In this case, when a cooperative represents:

- a) From 1 to 29 delegates, a maximum of one (1) candidate is eligible;
- b) From 30 to 48 delegates, a maximum of two (2) candidates are eligible;
- c) From 49 to 67 delegates, a maximum of three (3) candidates are eligible; and
- d) For more than 67 delegates, a maximum of four (4) candidates are eligible.

However, if an agricultural cooperative represents 80% or more of the eligible delegates in its sector, no cap on the number of eligible cooperative directors is applicable.

- 8) If a cooperative deviates from the previous section following a merger of cooperatives, the cooperative's first director from the Cooperative Group whose term is coming to an end will be able to complete their mandate, but will not be eligible for re-election.
- 9) The secretary of the Board of Directors sends the final distribution of designated positions to be filled, by sector, to the cooperatives by December 15 of each year.
- 10) If a sector deviates from section 7 following a merger of cooperatives during the fiscal year, the directors may complete their mandates. However, and notwithstanding section 1, the director from the **Cooperative Group** whose term will end first will not be eligible for re-election.
- 11) Notwithstanding section 7, nominations for positions 14 and 15 may rightfully come from a cooperative or section, or from a sector, already fully represented on the Board of Directors, without being limited to it.

POSITIONS, SECTORS AND THEIR GROUPS

- 12) For the purpose of electing directors, all positions, sectors, and their groups are divided as follows:

		Groups	
Position	Sector	Joint Venture	Cooperative
1, 2, 3, 4	1	Avantis Coopérative Unoria Coopérative	La Coop Saint-Hubert La Coop St-Fabien La Coop St-Patrice Avantis Coopérative Unoria Coopérative

5, 6, 7	2	Vivaco groupe coopératif	La Coop St-Adrien d'Irlande La Coop La Patrie La Coop St-Côme-Linière Vivaco groupe coopératif Covris Cooperative
8, 9, 10	3	Agiska Coopérative Uniag Coopérative	Agiska Coopérative Uniag Coopérative La Coop Ste-Marthe La Fromagerie coopérative St-Albert inc.
11,12, 13	4		La Coop Fermes du Nord La Coop St-Ubald La Coop Gracefield Nutrinor coopérative Novago Coopérative
14	5		La Coop de Dupuy et Ste-Jeanne d'Arc Plessisville CO-OP store St-Victor CO-OP store Havre-aux-Maisons CO-OP store Société coopérative de Lamèque Ltée La Coop Ste-Justine La Coop St-Méthode La Coop Chambord Ste-Perpétue CO-OP store La Coop St-Pamphile La Coop Squatec Sussex & Studholm Agricultural Society No. 21 Agro Co-operative Assoc. Antigonish Farm & Garden Atlantic Co-operative Country Stores Co-op Home and Farm Supply Eastern Farmers Co-op Society Kensington Co-operative Assoc. O'Leary Farmers Co-op Assoc. Scotian Gold Co-operative South Eastern Farmers Co-op Filière porcine coopérative Citadelle Independent BMR dealers Western Hog Producers
15	6		Equity Seat
16, 17			External Directors

13) For the purpose of electing directors, sector 1 includes positions 1, 2, 3 and 4; sector 2 includes positions 5, 6, and 7; sector 3 includes positions 8, 9, and 10; sector 4 includes positions 11, 12, and 13; sector 5 includes position 14; and sector 6 includes position 15.

14) Sectors 1 to 4 are divided by group and sector, specifically the Joint Venture Group and the Cooperative Group.

Member cooperatives that have established a joint venture with Sollio Cooperative Group for managing AVG activities are eligible for the Joint Venture Group.

All member agricultural cooperatives, including those eligible for the Joint Venture Group, are eligible for the Cooperative Group.

15) A cooperative eligible to nominate a candidate for an election in its sector's Cooperative Group may elect, on this basis, a maximum of one (1) candidate. Notwithstanding the foregoing, this cooperative remains eligible to nominate other candidates for an election in its sector's Cooperative Group in accordance with section 7 and the procedure stipulated in section 16.

- 16) The election of candidates for each position in sectors 1 to 4 will occur in two (2) stages. The General Meeting will conduct a first round of voting to elect eligible candidates in the sector's Joint Venture Group followed by a second round to elect eligible candidates in the Cooperative Group.

The same procedure applies when making necessary adjustments to other positions and sectors under election.

- 17) Notwithstanding section 1, when a cooperative establishes a joint venture with Sollio Cooperative Group for the managing AVG activities, and is not already represented on the Sollio Cooperative Group's Board of Directors, a new director position is created.

The Board of Directors may fill this director position in accordance with the provisions of section 44 of the *Act respecting the charter of Sollio Groupe Coopératif*.

This appointment is temporary and will expire at the General Meeting election, when a cooperative director in their sector, elected in the Cooperative Group, completes their first mandate.

A cooperative may only avail itself of this section if it is not already represented on the Board of Directors. If it is already represented, it shall appoint that director as representative of the Joint Venture Group. This representation will then be permanently attached to this mandate.

- 18) The General Meeting may shorten the Joint Venture Group's mandate by resolution recommended by the Board of Directors so that the total number of elections for the three-year election cycle of a sector is balanced.

NOMINATION AND ELECTION PROCEDURE

- 19) For positions 1 to 15, only member and member cooperative sections may nominate, by resolution, one (1) of their directors or members of their advisory committees during the candidate nomination period.

- 20) To be eligible at the General Meeting, all nominations for sector director positions must be forwarded in advance to the Secretary of the Board of Directors of Sollio Cooperative Group using the prescribed form before January 15 preceding the General Meeting.

If no valid nomination has been submitted to the Secretary of the Board of Directors within the required time, the position of sector director may be filled by the delegates at the General Meeting, as per the usual procedure.

Any nominations submitted to the Secretary of the Board of Directors by the deadline may be withdrawn at any time by the candidate. Upon the expiry of the notice of nomination period, the Secretary of the Board of Directors will forward the list of nominations received by the prescribed date, accompanied by their respective standardized biographical notes, to the presidents of all the cooperatives and sections.

- 21) To be eligible, candidates nominated by the member cooperatives must be agricultural producers, have at least three (3) years of experience as cooperative directors at the time of their election, and sign a letter of resignation under conditions precedent, which commits them to a set of conditions aiming to guide their accountability, roles, and responsibilities.

Notwithstanding the conditions mentioned in the preceding paragraph, the director of sector 5 and the external directors are not subject to an obligation to hold and maintain an agricultural producer status.

To be eligible to submit their nomination at the 2023 Annual General Meeting, candidates from member cooperatives must have successfully completed the Sollio Academy's Cooperative Governance Certification program. However, candidates whose first language is not French will not be subject to this eligibility condition until a similar cooperative governance development program in English has been approved by Sollio Cooperative Group's Board of Directors. In addition, candidates must not have been found guilty of an offence, be the subject of a conviction or an allegation deemed by SGC to be detrimental to its reputation, its activities or its obligations and duties.

- 22) When electing positions 1 to 14, the directors shall be selected from the eligible nominations received by the sector's delegates at the General Meeting of members, in accordance with the numbering of sectors and positions up for election.

When electing position 15, the woman director shall be selected from the eligible nominations received by the delegates of all member agricultural cooperatives and sections.

The order of vacancies is determined by sector and the election to each of these positions, if applicable, is filled separately in ascending order. If more than one (1) candidate is nominated for any given position, the general meeting delegates shall vote for a single candidate. The candidate who obtains the majority (50%+1) of valid votes is elected to represent the sector. If more than one (1) voting round is needed to obtain a majority, the President withdraws the candidate who receives the fewest votes following every round.

In the case of an equality of votes, the election chairperson shall be entitled to cast their deciding vote and withdraw the candidate of their choice from the list.

The same procedure applies when making necessary adjustments during the election of candidates in other sectors.

TRANSITIONAL MEASURES

- 23) In accordance with the implementation of the new composition of seats, sectors and groups, as defined in article 12 of these regulations, during the 2022 Annual General Meeting, the General Assembly enacts certain modifications, which are:

- a) In Sector 1, two (2) regular positions with current terms of two (2) and three (3) years respectively will be up for election. The addition of a seat in Sector 1 results from the transfer of a Director of a cooperative from Sector 2 (ie one from La Coop Alliance) to Sector 1, following the merger of cooperatives. The assembly will proceed to the election of these two (2) positions of the Cooperative Group. The term of office of these positions will be respectively two (2) and three (3) years, established by draw, following the declaration of election. Following this election period, the sector will have completed its transition.
- b) In Sector 3, two (2) regular positions (i.e. the one expiring in 2022 and the newly created one) whose terms of office will be for a respective duration of one (1) year and three (3) years, will be in election. The addition of a post in this sector results from the creation of a new post, following the transfer of a Director of a cooperative from Sector 3 (i.e. one from Covris Coopérative) to Sector 2, following the reconfiguration of the composition of the sectors for the sectoral representation of agricultural cooperatives. The Assembly will elect one post from the Joint Venture Group and one post from the Cooperative Group. The term of the Joint Venture Group position will be one (1) year, in accordance with Article 18 of these regulations, while the term of the Cooperative Group position will be three (3) years. Following this election period, the sector will have completed its transition.

- 24) In accordance with the implementation of the new composition of seats, sectors and groups, as defined in article 12 of these regulations, during the 2023 Annual General Meeting, the General meeting enacts certain modifications, which are:

- a) In Sector 2, two (2) regular positions whose current terms are of two (2) and three (3) years respectively will be up for election. The change in this sector results from the transfer of a Director of a cooperative from Sector 3 (i.e. one from Covris Cooperative) to Sector 2, following the reconfiguration of the composition of the sectors for the sectoral representation of agricultural cooperatives. The Assembly will elect one post from the Joint Venture Group and one post from the Cooperative Group. The term of the Joint Venture Group position will be for a period of (2) years, in accordance with Article 18 of these regulations, while the term of the Cooperative Group position will be for three (3) years. Following this election period, the sector will have completed its transition.

- 25) The current mandate of the Director in seat 15 is determined by applying this position's two (2) consecutive terms rule.

FINAL PROVISIONS

- 26) If a new cooperative joins Sollio Cooperative Group, the Board of Directors will submit a proposal to integrate this cooperative into a sector prior to the elections at the General Meeting of members.
- 27) This regulation repeals regulation AG-4.2 as adopted by the 2022 Annual General Meeting and takes effect retroactively to December 15, 2022.

Adopted by the Annual General Meeting on February 22, 2018

Amended by the Annual General Meeting on February 28, 2019

Amended by the Annual General Meeting on February 27, 2020

Amended by the Annual General Meeting on February 25, 2021

Amended by the Annual General Meeting on February 24, 2022

Amended by the Annual General Meeting on February 23, 2023