BYLAWS OF NORTHEAST KINGDOM FOOD CO-OP, INC.

ARTICLE 1. ORGANIZATION

Section 1.1 — Name & Organization.

The name of the organization is Northeast Kingdom Food Co-op, Inc. (“the Co-op”). The Co-op is organized as a general cooperative corporation and consumers' cooperative association under Vermont Statutes Title 11, Chapter 7, and as a business corporation under the Vermont Business Corporation Act, Title 11A, and uses "Co-op" in its name in accordance with 11 V.S.A. §981. The Co-op's principal office is located at 194 Main St. Suite 227 Newport, VT 05855.

Section 1.2 — Purpose & Mission.

The Co-op exists to create and sustain a vibrant, community-owned grocery store, café, and event space on Main Street in Newport that provides healthy local foods, nutritious prepared meals, and a gathering space for community. The multi-stakeholder cooperative connects and serves the Consumer, Employee, and Producer Members with products and initiatives that benefit the Northeast Kingdom.

Section 1.3 — Mutual Benefit.

The Co-op shall operate at all times on a cooperative basis and for the mutual benefit of its Members.

Section 1.4 — Cooperative Principles.

The Co-op is owned and democratically controlled by its Members and shall be operated in accordance with the cooperative principles adopted by the International Co-operative Alliance, including: Voluntary and open membership without discrimination; Democratic member control (one Member, one vote); Member economic participation and equitable capital contribution; Autonomy and independence; Education, training, and information; Cooperation among cooperatives; and Concern for community and sustainable development.

ARTICLE 2. MEMBERSHIP

Section 2.1 — Classes of Membership.

In the spirit of a cooperative open marketplace, the Co-op brings together multiple stakeholder groups that sustain a healthy local food system. The membership classes are:

(a) Consumer-Member. An individual or legal entity that has been admitted as a Consumer-Member and remains current on all required membership fees and equity investments established by the Board of Directors. Consumer-Members are not required to reside within any particular geographic region or to purchase products at any particular frequency in order to maintain membership, so long as membership fees remain current.

(b) Employee-Member. An individual employed by the Co-op who meets the eligibility criteria established by the Board of Directors.

(c) Producer-Member. An individual or legal entity that sells products through the Co-op that meet the Co-op's then-current quality standards and that is located within the Region, as defined by the Board of Directors. If a product cannot be produced to established quality standards by current Producer-Members within the Region, or for any other good reason, the Board may offer Producer-Member status to an eligible producer outside the Region.

Section 2.2 — Member Qualifications.

Any natural person or legal entity that meets the definition of a Consumer-Member, Employee-Member, or Producer-Member in Section 2.1, and any additional eligibility criteria established by the Board of Directors, is eligible to become a Member of the Co-op.

Section 2.3 — Eligibility & Admission.

Membership in the Co-op is voluntary and is open to any individual or qualifying organization that is in accord with the Co-op's purposes and willing to accept the responsibilities of membership. Admission requires completion of a membership application, investment of equity in an amount and on a schedule established by the Board, and approval by the Board or its designee.

Section 2.4 — Member Rights.

Each Member in good standing has the right to: Receive notice of and attend Member meetings; Vote on matters submitted to the membership (one Member, one vote); Seek nomination and election to the Board of Directors, subject to eligibility requirements; Receive discounts and promotions, if any, as determined by the Board; and Petition as provided in these Bylaws. Unless otherwise specified in these Bylaws, all Members regardless of class shall vote together on matters submitted to the membership. For the election of class-specific Board seats as provided in Section 4.4, only Members of the relevant class may vote for that seat.

Section 2.5 — Member Responsibilities & Good Standing.

Members shall: Remain current in their equity investment and membership fees; Abide by these Bylaws and Co-op policies; Keep the Co-op informed of any name or address

changes; and Patronize the Co-op to the extent reasonably possible. A Member who upholds these responsibilities is considered active and in good standing.

Section 2.6 — Organizational Members.

The Board may establish specific rights, responsibilities, and fee structures for qualifying organizations that become Consumer-Members or Producer-Members. No organization shall have more than one vote, and **shall designate an authorized representative to act on its behalf.**

Section 2.7 — Suspension & Termination.

Membership may be: Voluntarily terminated by written notice from the Member; or Involuntarily suspended or terminated for cause after fair notice and an opportunity to respond, including for repeated violations of Bylaws or policies or actions that harm the Co-op. The Board shall adopt procedures ensuring a fair process. Equity shall be returned upon termination of membership under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary for the Co-op's capital requirements and as permitted by law.

Section 2.8 — Unclaimed Equity.

If the Co-op is unable to locate a former Member after reasonable effort over a period of ninety (90) Days following termination, any equity or patronage allocations remaining in that Member's capital account shall be forfeited to the Co-op's general funds, to the extent permitted by law. The Co-op shall retain records of such forfeitures. The Board may establish a policy whereby applicants for membership agree that if they cannot be located after a specified period, their equity shall be donated to the Co-op.

Section 2.9 — Member Capital Accounts.

The Co-op shall maintain an individual capital account for each Member reflecting the Member's equity investment, allocated patronage dividends (whether paid in cash or retained as allocated equity), and any other credits or debits as determined by the Board and consistent with cooperative accounting principles. Capital account balances are not transferable except as provided in these Bylaws and do not bear interest unless otherwise determined by the Board. The Co-op shall provide each Member with an annual statement of their capital account balance upon request.

ARTICLE 3. MEMBER MEETINGS & VOTING

Section 3.1 — Annual & Special Meetings.

An Annual Meeting of Members shall be held each year at a time and place determined by the Board, but no later than six (6) months after the close of the fiscal year, to hear reports, elect Directors or delegates (if applicable), and transact such other business as

may properly come before the Members. Special Meetings may be called by the Board or by petition of Members as provided herein.

Section 3.2 — Member Petitions.

Upon receipt of a proper petition signed by at least ten percent (10%) of Members or 150 Members, whichever is fewer, the Board shall warn a Special Meeting limited to the business stated in the notice, in accordance with 11 V.S.A. §1003.

Section 3.3 — Notice.

Notice stating the date, time, place, and purpose of any Member meeting shall be posted conspicuously at the Co-op and mailed by first-class U.S. mail to each Member's last known postal address at least four (4) weeks before the meeting (or at least forty-eight (48) hours for Board-called emergency special meetings). A Member may consent in writing to receive meeting notice by electronic means, in which case notice may be delivered electronically in addition to, or instead of, mailed notice to the extent permitted by Vermont law.

Section 3.4 — Quorum.

A quorum for Member meetings and ballot votes is ten percent (10%) of Members or 100 Members, whichever is less.

Section 3.5 — Voting Methods, Proxy & Representation.

Voting may be conducted in person at a meeting or by paper or electronic ballot over a defined voting period as authorized by the Board. Unless otherwise specified in these Bylaws or required by law, questions are decided by a majority of Members voting thereon. Proxy voting by individual Members is not permitted. Organizational Members shall act through an authorized representative in accordance with 11 V.S.A. §999. For ballot votes conducted over a voting window, quorum is met when at least ten percent (10%) of Members or 100 Members (whichever is less) submit valid ballots during the voting window.

Section 3.6 — Member Voting Thresholds for Reserved Matters.

The following actions require the thresholds indicated. Decisions will be binding at these thresholds by Members present and voting, except as otherwise specified below, at a duly called meeting or by a majority of votes cast in a Board-authorized ballot conducted over at least a seven (7)-day voting window, after at least four (4) weeks' public notice of the proposed change and voting process.

Amend Articles of Incorporation. Requires prior approval by at least two-thirds (2/3) of the Board of Directors, as required by 11 V.S.A. §996(a); and Approval by at least two-thirds (2/3) of the Members voting thereon.

Amend Bylaws. Requires approval by a simple majority of Members voting thereon, consistent with 11 V.S.A. §1000.

Dissolve, merge, or dispose of substantially all assets. Requires prior approval by at least two-thirds (2/3) of the Board of Directors, followed by approval by at least two-thirds (2/3) of all Members of the Co-op, or such higher threshold as may be required by applicable Vermont law. See Section 11.1 for additional dissolution procedures.

ARTICLE 4. BOARD OF DIRECTORS

Section 4.1 — Powers & Duties.

Except for matters reserved to Members, the Board of Directors ("Board") is responsible for the governance of the Co-op, including but not limited to hiring and overseeing the General Manager (if any), establishing policies, ensuring financial integrity, and setting equity and membership fee schedules.

Section 4.2 — Composition & Eligibility.

The Board shall consist of at least five (5) and no more than nine (9) Directors, composed as follows: at least one (1) Director elected by Consumer-Members from among Consumer-Members; at least one (1) Director elected by Employee-Members from among Employee-Members; at least one (1) Director elected by Producer-Members from among Producer-Members; and additional at-large Directors elected by all Members voting together, who may be Members of any class. All Directors must be Members in good standing. Employees may serve as Directors to the extent allowed by Board policy, but may not serve as officers.

Section 4.3 — Terms & Elections.

Directors serve staggered three-year terms so that approximately one-third are elected each year. No Director may serve more than three consecutive full terms. Vacancies may be filled by Board appointment until the next Member election.

Section 4.4 — Member Class Representation on Board.

Each member class (Consumer, Employee, Producer) will vote exclusively within its class to elect at least one Board member, in a manner established by Board policy. The Board must include at least one Director who is a member of each member class. The Director elected by a membership class need not be the same person who serves as the class's designated representative in other settings, if any. The Board may, by two-thirds (2/3) vote, invite up to two (2) non-Member advisors to attend Board meetings and provide specialized expertise. Such advisors shall participate in an advisory capacity without voting rights and shall be bound by the same confidentiality obligations as Directors.

Section 4.5 — Removal & Attendance.

A Director may be removed by the Board for conduct contrary to the Co-op's best interests or for failing to follow Board policies, subject to fair notice and opportunity to respond. Such action to remove a Director can be accomplished only by a two-thirds (2/3) majority vote of the entire Board. Board membership terminates automatically if a Director misses three consecutive or five total regular Board meetings in a twelve-month period, unless the Board votes to excuse such absences.

Section 4.6 — Meetings; Open Meetings; Executive Session.

Regular and special Board meetings shall be posted at the Co-op and are open to Members, except that the Board may vote to enter executive session solely for specified confidential topics (e.g., personnel matters; complaints; contract negotiations; strategy or business plans; legally confidential matters; litigation or potential litigation; real estate negotiations; or clear and imminent public safety concerns). Any binding votes must occur in open session. The Board may act without a meeting by unanimous written consent of all Directors. Written consent includes communication by email or other electronic means that creates a record. Such action is effective when affirmed by all Directors, must be documented, and must be reported in and included with the minutes of the next open meeting.

Section 4.7 — Quorum & Remote Participation.

A majority of seated Directors constitutes a quorum. Directors may participate and vote via real-time remote audio or video connection. Proxy voting by Directors is not permitted.

Section 4.8 — Decision-Making.

The Board shall first seek to pass motions by unanimous vote when practicable. If unanimity is not reached, the motion may be reconsidered and voted upon at the next regular or special meeting at which a quorum is present. Upon reconsideration, if unanimity is still not achieved, the motion passes by a majority vote of Directors present, provided a quorum exists.

A quorum is represented when a majority of the Board is present to vote, either in person or remotely. Votes will be cast verbally (yes or no) or by other transparent means approved by the Board. Motions may be made by any Director at the time motions are listed on the agenda. A motion must receive a second from another Director. The Board chair may invite discussion or move directly to a vote. A majority of Directors present may override the chair's decision on whether to proceed directly to a vote or to allow further discussion.

Given time constraints, Directors are encouraged, where appropriate, to discuss complex or controversial motions in advance of meetings so that consensus or majority support can be developed before the meeting. Any motions passed must be recorded

clearly in the meeting minutes. Pursuant to Section 4.6, unanimous written consent is permitted and must be recorded in the next open meeting.

Section 4.9 — Conflicts of Interest.

Directors must disclose actual or potential conflicts of interest. A Director with a conflict shall recuse themselves from discussion and shall not vote on the matter, in accordance with conflict-of-interest policies adopted by the Board.

Section 4.10 — Indemnification.

To the fullest extent allowed by law, the Co-op shall indemnify and hold harmless each present and former Director, officer, employee, committee member, and agent (and such other persons as the Board may designate) for acts performed in good faith and reasonably believed to be in the best interests of the Co-op. Such indemnification shall include expenses and attorneys' fees actually and reasonably incurred, and shall be made only if the Board determines that the person acted in good faith in the reasonable belief that their action was in the best interests of the Co-op, and, in the case of criminal proceedings, had no reasonable cause to believe their conduct was unlawful.

ARTICLE 5. OFFICERS & COMMITTEES

Section 5.1 — Officers.

Following each annual Board election, the Board shall elect from among its members a President, Vice President, Secretary, and Treasurer to one-year terms. The same individual may serve as both Secretary and Treasurer. Employee-Members serving as Directors are not eligible to serve as officers, to avoid conflicts of interest in supervision and personnel matters.

Section 5.2 — Officer Duties.

The President chairs Member and Board meetings and represents the Board as needed. The Vice President acts in the President's absence. The Secretary ensures proper minutes, notices, and maintenance of Co-op records. The Treasurer oversees financial reporting and internal controls and co-signs promissory notes and other financial instruments with the President or another authorized officer.

Section 5.3 — Executive Committee.

The officers constitute the Executive Committee and may act between Board meetings only in extraordinary circumstances, and only to the extent necessary to protect the Co-op from imminent or significant harm. Executive Committee actions are interim and must be reported to and ratified in open session at the next Board meeting; if not ratified, they lapse.

Section 5.4 — Committees.

The Board may establish standing or ad hoc committees as needed. The President serves as an ex officio, non-voting member of all committees unless otherwise determined by the Board.

ARTICLE 6. MANAGEMENT

Section 6.1 — General Manager.

The Board may hire a General Manager (GM) and delegate operational authority by policy. The GM is accountable to the Board for day-to-day operations, for implementing Board policies, and for achieving goals and objectives established by the Board.

ARTICLE 7. FINANCES & PATRONAGE

Section 7.1 — Member Equity.

The Board shall set Member equity and membership fee requirements and schedules for each class of membership, which may be adjusted over time as needed to support the Co-op's capital requirements.

Section 7.2 — Fiscal Controls.

The Board shall adopt financial policies, including appropriate internal controls; obtain periodic financial statements; and ensure that the Co-op's financial records are reviewed or audited at appropriate intervals.

Section 7.3 — Reserves & Patronage Dividends.

(a) Reserves. The Board shall set aside annually not less than ten percent (10%) of net earnings for a reserve fund until there is accumulated a fund of not less than fifty percent (50%) of total member equity, as required by 11 V.S.A. §981.

(b) Patronage Dividends. After providing for reserves, the Board may distribute remaining net earnings as patronage dividends to Members in proportion to the value of business done with or through the Co-op during the fiscal year. For Consumer-Members, patronage shall be based on purchases from the Co-op. For Producer-Members, patronage shall be based on sales to or through the Co-op. For Employee-Members, patronage shall be based on wages earned, hours worked, or such other equitable measure as the Board shall determine by policy. Patronage dividends may be distributed in cash, qualified written notices of allocation, or a combination thereof, consistent with cooperative principles and applicable tax law.

(c) Consent to Include Patronage in Income. Each person who applies for and is admitted to membership in the Co-op, and each existing Member who continues membership after adoption of this provision, consents that the amount of any distributions with respect to patronage which are made in qualified written notices of

allocation (as defined in 26 U.S.C. §1388) and which are received by the Member from the Co-op, will be taken into account by the Member at their stated dollar amounts in the manner provided in 26 U.S.C. §1385(a) in the taxable year in which the qualified written notices of allocation are received.

(d) Advance Declaration. The Board shall declare its intention to distribute patronage dividends, if any, before the close of each fiscal year, as required for tax-qualified patronage dividends under applicable law.

(e) No Guarantee of Patronage. Nothing in these Bylaws requires the Co-op to distribute patronage dividends in any year. The Board retains full discretion to retain earnings for reserves, capital improvements, or other Co-op purposes.

ARTICLE 8. MEMBER CONDUCT & STORE POLICIES

Section 8.1 — Standards.

Members, shoppers, and visitors shall comply with Co-op policies designed to ensure a safe, respectful environment and to protect the Co-op's operations and community standing.

Section 8.2 — Remedies.

The Board may adopt procedures for addressing violations of Member conduct or store policies, up to and including suspension or termination of membership under Section 2.7 (Suspension & Termination).

ARTICLE 9. RECORDS & TRANSPARENCY

Section 9.1 — Records.

The Co-op shall keep minutes of Member and Board meetings, adequate and correct books and records of account, and a current list of Members. Members may inspect appropriate records as permitted by law and by Board policy.

Section 9.2 — Open Meetings.

Board meetings are open to Members except as allowed under executive session in Section 4.6. No binding votes shall occur in executive session.

ARTICLE 10. AMENDMENTS

Section 10.1 — Process for Raising Amendments.

Amendments to these Bylaws may be suggested by any Member or Director. Proposed amendments must first be reviewed and approved by a majority vote of the Board before being presented for a Member vote.

Section 10.2 — Member Approval of Bylaw Amendments.

Bylaws may be amended by a majority of Members voting thereon, whether in person at a meeting or by a Board-authorized ballot conducted over at least a seven (7)-day voting window, following at least four (4) weeks' public notice of the proposed change and voting process, consistent with 11 V.S.A. §1000.

Section 10.3 — Technical Corrections.

The Board may make non-substantive corrections to these Bylaws (such as numbering, cross-references, and typographical errors) and shall report such changes to the Members.

ARTICLE 11. DISSOLUTION & PROPERTY INTEREST OF MEMBERS

Section 11.1 — Dissolution.

A proposal to dissolve the Co-op must first be approved by at least the minimum Board and Member thresholds required by applicable Vermont law. Unless a higher threshold is required by such law: The Board of Directors shall approve a resolution to dissolve by at least a two-thirds (2/3) vote; and The resolution to dissolve shall then be submitted to the Members and adopted only upon the affirmative vote of at least seventy-five percent (75%) of all Members of the Co-op.

In the event of liquidation, dissolution, or winding up of the affairs of the Co-op, whether voluntary or involuntary, after paying or providing for the payment of all debts and obligations as provided by law, the holders of written notices of allocation will be entitled to receive an amount in cash equal to the stated amount of such written notices of allocation. The holders of written notices of allocation shall not be entitled to receive any further distributions with respect to such interests.

Section 11.2 — Property Interest of Members.

After the distributions required by Section 11.1, each Member will be entitled to receive an amount in cash equal to each of the following, in this order: Payment of any unpaid sums in the Member's capital account; Return of the amount paid for the Member's Membership Fee, if any, but not including any annual membership dues or other fees; and Return of any additional capital contributions actually made by the Member.

All remaining assets of the Co-op will then be distributed among the then-current Members on an equitable basis, based on the value of business done with the Co-op during the ten (10) fiscal years immediately preceding dissolution, as shown by the

Co-op's books and records, or by such other equitable method as the Board may determine at that time, consistent with applicable Vermont law.

No distribution need be made to any person who fails to acknowledge receipt of notice of liquidation in a timely manner. Notice shall be deemed sufficient if sent by certified mail, at least thirty (30) days before distribution of any residual assets, to the person's last known business or residence address.