

Bylaws of Hemp Co-op, a Washington Cooperative Association

Article 1 Corporate Affairs, Mission, and Governance

Section 1.01 Name

The name of the cooperative association is Hemp Co-op (the **Co-op**).

Section 1.02 Formation

The articles of incorporation of the Co-op (**Articles of Incorporation**) have been duly filed with the Corporations Division of the Washington Secretary of State.

Section 1.03 Mission Statement

The Co-op is established to promote sustainable, regenerative, and organic agriculture practices in the cultivation of hemp. The primary goal is to contribute to carbon sequestration and bioremediation while embracing carbon-negative business practices. The Co-op will:

- prioritize local communities by sourcing inputs, labor, and customers from the immediate vicinity to strengthen hyper-local economies.
- commit to measuring success not only in terms of financial performance but also in social and environmental impact, ensuring a positive triple bottom line.
- acknowledge and respect the unique ecological and cultural characteristics of the region, adhering to principles of bioregionalism in all activities of the Co-op.
- implement closed-loop systems to minimize waste, recycle resources, and promote sustainability throughout the entire value chain.
- operate within the principles of a free market while upholding the cooperative values of collaboration, shared ownership, and mutual benefit.
- foster solidarity among members and protect itself from individuals or corporations whose actions may undermine sustainability, regenerative agriculture, and organic practices.

- commit to decisions and practices that consider the long-term impact, aiming to benefit the Co-op and the environment for at least seven generations.
- invest in durable infrastructure and assets that withstand the test of time, reducing the need for frequent replacements and minimizing environmental impact.
- Prohibit the use of biotechnology, CRISPR technology, genetically modified organisms (GMOs), and transgenic organisms in the cultivation and processing of hemp.
- strive to minimize the use of plastic in all operations, from packaging to product delivery.
- invest in research and development to identify sustainable alternatives to plastic for packaging and other applications within the Co-op.
- commit to reducing reliance on fossil fuels by exploring and adopting renewable energy sources for the Co-op's operations.
- encourage members to prioritize energy-efficient practices and invest in renewable energy technologies.
- implement resource-efficient practices to minimize waste, energy consumption, and the overall environmental footprint of the Co-op.
- evaluate and select suppliers based on their commitment to sustainability, including reduced use of plastics and fossil fuels in their processes.
- embrace circular economy principles, aiming to reuse, recycle, or repurpose materials to reduce dependence on virgin resources.
- engage in bioremediation efforts to address pollutants, toxic metals, nuclear waste, and fossil fuel residues, contributing to the restoration of environmental quality.
- conduct educational programs to inform members, employees, and the community about the environmental impact of plastics, fossil fuels, and the importance of bioremediation.
- establish an innovation fund to support research and development initiatives focused on bioremediation technologies and sustainable practices in hemp cultivation, processing, and product development.
- adhere to the internationally recognized Seven Cooperative Principles, including voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training, and information, cooperation among cooperatives, and concern for community.
- implement water-efficient practices in hemp cultivation, processing, and other operations, aiming to minimize water usage and ensuring sustainable water management practices.
- commit to social responsibility by actively engaging with and contributing to the well-being of local communities, supporting fair labor practices, and promoting social equity.

- establish a continuous improvement framework to regularly review and enhance the Co-op's sustainability practices, including efforts to address water usage, bioremediation, and social responsibility.
- implement measure to preserve and enhance biodiversity within the Co-op's operations, recognizing the importance of diverse ecosystems for long-term sustainability.
- actively engage with local communities to ensure their active participation and empowerment, fostering a sense of ownership and shared benefits.
- adhere to ethical marketing practices, providing transparent information about the Co-op's processes, sourcing, and products to consumers.
- establish fair labor practices, ensuring that Co-op members and employees receive fair compensation, safe working conditions, and opportunities for professional development.
- form partnerships with local and federal government agencies, environmental and community organizations to collectively address regional challenges and contribute to shared goals.
- maintain flexibility in adopting emerging sustainable practices and technologies, staying at the forefront of advancements in environmental and agricultural sustainability.
- develop a crisis response plan to address unforeseen environmental or socio-economic challenges, ensuring the Co-op's resilience and ability to adapt.
- strive for equitable distribution of benefits among Co-op members, avoiding disparities and promoting inclusive economic growth within the Co-op.
- establish mechanisms for regular stakeholder engagement, incorporating feedback from members, employees, consumers, and other relevant parties to inform decision-making.
- commit to using eco-friendly and biodegradable packaging materials, minimizing the environmental impact of product packaging.
- implement sustainable transportation practices for the distribution of hemp products, prioritizing eco-friendly modes of transport and reducing the carbon footprint.
- respect and contribute to the preservation of local cultural heritage, recognizing the importance of cultural diversity in the communities where the Co-op operates.
- ensure full compliance with local, regional, and national environmental and agricultural regulations, and actively participate in the development of policies that promote sustainability.
- establish and uphold rigorous health and safety standards for Co-op operations, prioritizing the well-being of members, employees, and the broader community.

Section 1.04 Governance

The Co-op shall be governed according to the principles of Sociocracy, which include decision-making by consent. Structurally, Sociocracy delegates decision-making authority for

any given organizational work to the people doing that work through governance units called circles. The details of these procedures are contained in the Co-op's Governance Agreement, as amended from time to time. In the event of a conflict between these Bylaws and the Governance Agreement, these Bylaws shall control.

Section 1.05 Labor Neutrality

The Co-op shall maintain a neutral stance regarding labor organization and unionization efforts by its employees, ensuring no support or opposition is expressed by the Co-op, its managers, or its agents. Employees have the right to freely choose whether to participate in union activities without interference, coercion, or retaliation. The Co-op shall provide unbiased information upon request and ensure that all communication regarding unionization is neutral and respectful of employee rights.

Article 2

Members

Section 2.01 Membership Organization

The Co-op shall operate on a cooperative basis, with earnings and losses allocated on the basis of patronage and with voting by Members in accordance with the Articles of Incorporation and these Bylaws.

Section 2.02 Members and Membership Shares

The Co-op shall have three classes of common stock (collectively, **Membership Shares**) and holders of Membership Shares are referred to, collectively, as **Members**. The three classes of Membership Shares shall be as follows:

(a) Membership Classes and Eligibility

(1) Farmer Members

Farmer Members shall be limited to persons who (1) patronize the Co-op by selling hemp products to the Co-op; (2) have paid a Membership Fee as hereinafter defined; and (3) have been approved by the Co-op's board of directors (the **Board**) or its designee.

(2) Worker Members

Worker Members shall be limited to natural persons who (1) patronize the Co-op through provision of their labor on a full-time or part-time basis; (2) have paid a Membership Fee as hereinafter defined; and (3) have been approved by the Board or its designee.

(3) Consumer Members

Consumer Members shall be limited to natural persons who (1) patronize the Co-op by purchasing hemp products through the Co-op; (2) have paid a Membership Fee as hereinafter defined; and (3) have been approved by the Board or its designee.

(b) Membership Shares

A Member may own one and only one Membership Share of each class. Only Members may own Membership Shares, except that, in the event of the death of a Member, their estate may hold the Membership Share pending repurchase by the Corporation. The cost and terms of a Membership Share shall be determined by the Board from time to time, and such cost is referred to as the **Membership Fee**.

(c) Membership Termination

A Member may terminate their membership in the Co-op by giving notice in the manner prescribed by the Board. The Board may also terminate a Member's membership at any time. Upon termination of a Member's membership, the Co-op shall redeem their Membership Share(s) for consideration determined in accordance with Article Three.

Section 2.03 Transfer Restrictions

No Membership Share or any interest therein may be sold, assigned, or otherwise transferred, voluntarily or involuntarily, by operation of law or otherwise, except for a transfer to the Co-op.

Article 3

Internal Capital Account System

Section 3.01 Internal Capital Accounts

The Co-op shall have a system of **Internal Capital Accounts** as equity accounts to reflect its net worth, to reflect the allocation of net worth among the Members, and to determine the redemption value of Membership Shares and Written Notices of Allocation as hereinafter defined. The Internal Capital Accounts consist of Individual Capital Accounts and a Retained Earnings Account. The sum of the balances of the Internal Capital Accounts is the net worth of the Co-op.

(a) Individual Capital Accounts

The Co-op shall maintain for each Member an individual capital account (**Individual Capital Account**) that reflects the value of the Member's relative equity in the Co-op.

The balance of any Individual Capital Account results from and is increased by: (a) the initial Membership Fee, plus any other paid-in capital from or on behalf of the Member in excess of the Membership Fee, and (b) the amount of any Written Notices of Allocation issued to the Member.

The balance in any Individual Capital Account is decreased by: (a) any losses allocated to the Individual Capital Accounts, and (b) the redemption, in cash or notes of indebtedness, of a Written Notice of Allocation previously issued to the Member and recorded in the Member's Individual Capital Account.

(b) Retained Earnings Account

The Co-op shall maintain an unallocated retained earnings account (**Retained Earnings Account**) that reflects the portion of net worth not allocated to Individual Capital Accounts.

The balance in the Retained Earnings Account results from and is increased by: (a) that portion of retained earnings not allocated to Individual Capital Accounts, and (b) any gifts or grants to the Co-op, unless otherwise allocated to Individual Capital Accounts.

The Retained Earnings Account balance is decreased by any losses allocated to the Retained Earnings Account.

The Co-op shall maintain a Retained Earnings Account balance with reference to a target amount for business purposes, in accordance with Section 3.02(c) of this Article.

Section 3.02 Allocation of Net Income

The positive or negative Accounting Net Income of the Co-op shall be allocated annually among the Internal Capital Accounts, after payment of corporate tax, dividends on preferred stock (if any), and the cash portion of Patronage Dividends.

(a) Definitions

The following definitions shall apply to terms used herein:

(1) Accounting Net Income

Accounting Net Income is the book net income for the fiscal year computed in accordance with Generally Accepted Accounting Principles (GAAP).

(2) Patronage

Patronage is defined by the Board in its separate policy on Patronage. **Member Patronage** is the Patronage attributable to Members during the fiscal year.

(a) Patronage Income

Patronage Income is that portion of Accounting Net Income resulting from the Member Patronage and is calculated by multiplying the Accounting Net Income (minus any Ancillary Income) by the ratio of Member Patronage to Patronage.

(b) Non-Member Patronage Income

Non-Member Patronage Income is that portion of Accounting Net Income resulting from the Patronage of non-members.

(c) Ancillary Income

Ancillary Income is that portion of Accounting Net Income resulting from transactions that do not facilitate the primary business of the Co-op and do not result from Member Patronage.

(3) Patronage Dividend

Patronage Dividend is the positive amount of Patronage Income allocated to the Members in proportion to their relative Member Patronage during the fiscal year and may consist of any combination of cash and Written Notices of Allocation.

(4) Written Notice of Allocation

Written Notice of Allocation is the certificate issued to each Member specifying the amount, if any, of the Patronage Dividend allocated to the Member and retained by the Co-op.

(b) Patronage Allocations

Patronage Net Income, after reductions in accordance with Section 3.02(c), shall be allocated as Patronage Dividends to the Members on the basis of their relative Patronage within 8½ months after the end of the fiscal year.

In any proportions determined by the Board, Patronage Dividends may be paid in cash, in Qualified Written Notices of Allocation, or in Non-Qualified Written Notices of Allocation as defined in Subchapter T of the Federal Internal Revenue Code of 1986, as amended from time to time (**Subchapter T**).

The amount of any Written Notice of Allocation issued to a Member shall be credited to the Member's Individual Capital Account and the amount thus retained by the Co-op may be used for any and all corporate purposes. Written Notices of Allocation are non-transferable unless otherwise approved by the Board.

By becoming a Member of the Co-op, each Member shall be deemed to have consented to include in their taxable income the amount of any qualified Written Notices of Allocation and to pay tax thereon in accordance with Subchapter T.

The Co-op shall issue annually to each Member an **Individual Capital Account Statement** that discloses their account balance and any changes since the previous Statement.

(c) Unallocated Retained Earnings

From time to time, the Board shall establish an overall target amount for unallocated retained earnings on the basis of stated business purposes and needs. Annually, the Board shall make allocations of retained earnings to the Retained Earnings Account with reference to the target amount and business purposes and needs. Such allocations shall be from: (1) Ancillary Income and Non-Member Patronage Income, and (2) if necessary for business purposes, from Patronage Net Income.

(d) Losses

If the Co-op incurs a net loss in any fiscal year, such net loss shall be shared against the balances in the Internal Capital Accounts as determined by the Board.

Section 3.03 Capital Distributions to Members

Membership Shares and Written Notices of Allocation shall be redeemed by the Co-op in accordance with this Section.

(a) Redemption of Written Notices of Allocation

All Written Notices of Allocation credited to a Member's Individual Capital Account shall be redeemed by the Co-op in accordance with their terms and procedures as determined by the Board.

(b) Redemption of Memberships

Upon termination of membership in accordance with the Bylaws, the Membership Share(s) held by the terminated Member shall be terminated for the consideration defined herein.

After year-end adjustments, the Member's Individual Capital Account balance other than Written Notices of Allocation shall be paid to the terminated Member as consideration for the Membership Share(s) in cash, promissory notes, or other property as determined by the Board.

If there is no positive balance in the terminated Member's Individual Capital Account other than Written Notices of Allocation, then the Membership Shares(s) shall be returned to the Co-op for no consideration.

Written Notices of Allocation, if any, shall be redeemed in accordance with Section 3.03(a).

(c) Dissolution Distributions

Upon liquidation, dissolution, or sale of all the assets of the Co-op, any assets left after payment of all debts and Individual Capital Account balances shall be distributed to all persons who were Members during the immediately preceding ten years, or to their heirs, in proportion to the Members' relative Patronage during that period. No distribution need be made to any person who fails to acknowledge the receipt of notice of liquidation in a timely manner. Said notice shall be deemed sufficient if sent by certified mail, at least 30 days before distribution of any residual assets, to the person's last known address.

Article 4

Member Meetings

Section 4.01 Annual Meeting

The annual meeting of Members will be held on the first Friday of May of each year, except as otherwise determined by the Board.

Section 4.02 Special Meetings

Special meetings of the Members may be called at any time for any purpose by the President, by a majority of the Board, or upon the written request of at least 10% of the Members. The written request must state the meeting's purpose. The Members must restrict the business transacted at all special meetings of Members to the purpose stated in the notice of the meeting.

Section 4.03 Meeting Location

The Members will hold all meetings at the Co-op's principal office or elsewhere in the United States as designated by the Board and specified in the notice of the meeting.

Members may participate in a meeting by means of conference telephone or other similar electronic communications equipment if all of the persons participating in the meeting can hear and speak to each other at the same time. Participating in a meeting in this manner is the same as presence in person at a meeting for all purposes of these Bylaws.

Section 4.04 Record Date and Members' List

The record date for determining Members entitled to notice of and to vote at an annual or special Members' meeting is the day before the first notice is delivered to Members.

After fixing a record date for a meeting, the Co-op shall prepare an alphabetical list of the names of all its Members on the record date who are entitled to notice of a Members' meeting.

The Members' list must be available for inspection by any Member, beginning ten days prior to the meeting and continuing through the meeting, at the Co-op's principal office or at a place

identified in the meeting notice in the city where the meeting will be held. A Member, or their agent or attorney, is entitled to inspect the list, during regular business hours and at the Member's expense, during the period it is available for inspection.

Refusal or failure to prepare or make available the Members' list does not affect the validity of corporate action approved at the meeting.

Section 4.05 Meeting Notice

The Secretary will mail written notice of each Member meeting to each Member of record entitled to vote. The Secretary will mail the notice at least ten days but no more than 60 days before the meeting. The notice must state the place, day, and hour at which the meeting will be held and, in the case of any special meeting, must state briefly the meeting's purpose. If any Member meeting is adjourned to a different date, time, or place, the Secretary need not give notice of the new date, time, or place if this information is announced at the meeting before adjourning. But if a new record date for the adjourned meeting is fixed, the Secretary must give notice of the adjourned meeting to Members as of the new record date.

Section 4.06 Member Meetings

If all of the Members entitled to vote meet at any place, within or outside the state of Washington, and consent to the holding of a meeting, the meeting will be valid without call or notice, and the Members may take any action at the meeting.

Section 4.07 Action Without Meeting by Written Consent

Any action required or permitted to be taken at a Member meeting may be taken without a meeting when all of the Members entitled to vote on the subject matter sign a written consent to the action. These signed consents will have the same force and effect as the unanimous vote of all the Members at a meeting duly held. The Secretary must file these consents with the minutes of the Member meetings.

If action by unanimous consent of the voting Members is to be taken, the Co-op must give notice of the action to nonvoting Members. The Co-op must give at least seven days' notice before the action by unanimous consent is taken, and the notice must contain the same material that would have been required by law or by these Bylaws to be sent to Members with the notice of a meeting at which the action would have been submitted to the Members for approval.

Section 4.08 Quorum

The presence at any meeting of (a) a majority of the Farmer Members, (b) a majority of the Worker Members, and (c) at least one Consumer Member entitled to vote will constitute a quorum for the transaction of business, except as otherwise specifically provided by law, by the Articles of Incorporation, by these Bylaws, or by a resolution of the Board requiring satisfaction of a greater or lesser quorum requirement. If less than a quorum attends a meeting, the meeting may be adjourned from time to time until a quorum is present. A majority vote of the Members present or represented may adjourn the meeting without any notice other than by announcement

at the meeting. At any adjourned meeting at which a quorum is later present, any business may be transacted that might have been transacted if the meeting had been held as originally called.

Section 4.09 Conduct of Meetings

The President of the Co-op will preside over Member meetings or, if they are not present, by a Vice President, or, if none of those officers is present, by a chairperson elected at the meeting. The Secretary of the Co-op will act as secretary of the meeting. In the absence of the Secretary, the presiding officer may appoint a person to act as secretary of the meeting.

Section 4.10 Voting

At all Member meetings, every Member entitled to vote will have one vote. Elections of directors shall be conducted by a class vote, with Farmer Members electing Farmer Member directors, Worker Members electing Worker Member directors, and Consumer Members electing Consumer Member directors, in accordance with procedures specified by these Bylaws. All other questions must be decided by a majority of the votes of each class cast at a duly organized meeting, except as otherwise provided by law, by the Articles of Incorporation, or by these Bylaws. Voting by proxy shall not be permitted, unless the Board adopts a procedure for voting by proxy or absentee ballot.

Article 5

Board of Directors

Section 5.01 General Powers

Except as otherwise provided by the Articles of Incorporation, the property and business of the Co-op will be managed under the direction of the Board.

Section 5.02 Composition

The Members or the Board may at any time fix the number of directors to constitute the Board (to any number not less than three). Directors need not be Members, but no more than one-third of total directors may be non-Members. Each director will serve until their successor is elected and qualified.

Each of the three classes of Members shall have the right to nominate and elect between one and three directors representing their respective class. Within that range, the exact number shall be set by the Board. Nominees must be Members of the class for which they are nominated. In addition to the class-elected directors, there shall be one or two at-large directors appointed by the Board. If the Board appoints two directors who are both Member, they must be from different membership classes.

Section 5.03 Filling Vacancies

If a vacancy in the Board arises for any reason, the remaining directors, by majority vote, may elect a successor to hold office for the unexpired portion of the remaining term. The newly elected director will hold office until the election of their successor, or until resigning or being removed before the end of the term by an affirmative vote of a majority of the Members.

Similarly, if the number of directors is increased as provided for in these Bylaws, the additional directors will be elected by the Board already in office, and will hold office until the next annual meeting of Members and thereafter until their successors are elected.

Any director may be removed from office with or without cause by the affirmative vote of a majority of the Members entitled to vote at any special meeting of Members regularly called for the purpose.

Section 5.04 Meeting Location

The Board may hold their meetings, have one or more offices, and keep the books of the Co-op within or outside the state of Washington, at any place or places as they may from time to time determine by resolution or by written consent of all the directors.

Section 5.05 Meeting Electronically

Directors may participate in a meeting by means of conference telephone or other similar electronic communications equipment if all of the persons participating in the meeting can hear and speak to each other at the same time. Participating in a meeting in this manner is the same as presence in person at a meeting for all purposes of these Bylaws.

Section 5.06 Regular Meetings

The Board may hold regular meetings without notice at those times and places as the Board determines by corporate resolution only if the Secretary has mailed notice of every Board resolution fixing or changing the time or place for holding the regular meetings to each director at least three days before the first meeting held under the resolution. But the annual meeting of the Board must be held immediately after the annual Member meeting at which a Board is elected. The Board may transact any business at a regular meeting.

Section 5.07 Special Meetings

Special meetings of the Board will be held whenever called by the President or by the Secretary upon written request of a majority of the Board. The Secretary must give notice of each special meeting of the Board by mailing the notice to each director at least three days before the meeting. Any director may waive receipt of notice. Unless otherwise indicated in the notice, the Board may transact any business at a special meeting.

Section 5.08 Quorum

A quorum for the transaction of business at all meetings of the Board comprises a majority of all the directors. But if at any meeting less than a quorum is present, a majority of those present may

adjourn the meeting from time to time, and the act of a majority of the directors present at any meeting at which there is a quorum will be the act of the Board, except as may be otherwise specifically provided by law, by the Articles of Incorporation, or by these Bylaws.

Section 5.09 Meetings of Directors

If all of the directors entitled to vote meet at any place, within or outside the state of Washington, and consent to hold a meeting, that meeting will be valid without call or notice, and the Board may take any corporate action at the meeting.

Section 5.10 Voting

At all Board meetings, every director entitled to vote will have one vote. The Board shall strive to operate according to the principles of Sociocracy, including the consent process. If, however, after two meetings the Board is not able to reach consensus on an issue, then the vote of a 66% supermajority of the directors present at a duly organized meeting shall be the act of the Board with respect to that issue, unless otherwise provided by law, by the Articles of Incorporation, or by these Bylaws.

Section 5.11 Action Without Meeting by Written Consents

Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting when written consents setting forth the action taken are signed by all of the directors entitled to vote with respect to the subject matter. These consents will have the same force and effect as the unanimous vote of the directors at a meeting duly held. The Secretary must file the consents with the minutes of the meetings of the directors.

Section 5.12 Committees

The Board may create one or more committees of directors. Each committee must have two or more members, who serve at the pleasure of the Board. The provisions of these Bylaws governing Board meetings, approval of corporate action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board apply to committees and their members as well.

A committee may not:

- approve a distribution except according to a general formula or method prescribed by the Board;
- approve or propose to Members corporate action that the law requires be approved by Members;
- fill vacancies on the Board or any of its committees;
- adopt, amend, or repeal Bylaws; or
- take any other action that the law prohibits a committee from taking.

Section 5.13 Compensation of Directors

The Board may fix by resolution a stipend paid for attendance at each regular or special meeting of the Board in which a director actually participates and reimbursement of the expenses incurred in attending any regular or special meeting of the Board. The reimbursement and compensation will be payable whether or not a meeting is adjourned because of the absence of a quorum. No provision of these Bylaws precludes any director from serving the Co-op in any other capacity and receiving compensation for that service.

Section 5.14 Conflicts of Interest

(a) Conflict-of-interest Transaction

A conflict-of-interest transaction is a transaction with the Co-op in which a director of the Co-op has a direct or indirect material interest. A conflict-of-interest transaction is not voidable by the Co-op solely because of the director's interest in the transaction if any one of the following is true:

(1) Material Facts Disclosed to Board

The material facts of the transaction and the director's interest were disclosed or known to the Board and the Board authorized, approved, or ratified the transaction;

(2) Material Facts Disclosed to Members

The material facts of the transaction and the director's interest were disclosed or known to the Members entitled to vote and they authorized, approved, or ratified the transaction; or

(3) Fair to Co-op

The transaction was fair to the Co-op.

(b) Indirect Interest

For purposes of this Section, and without limiting the interests that may create conflict-of-interest transactions, a director of the Co-op has an indirect interest in a transaction if:

(1) Material Financial Interest in Another Party to the Transaction

Another entity in which they have a material financial interest or in which they are an officer, manager or general partner is a party to the transaction; or

(2) Officer in Another Party to the Transaction

Another entity of which they are a director, officer, or trustee or in which they hold another position is a party to the transaction and the transaction is or should be considered by the Board.

(c) Approval of Conflict-of-interest Transaction

For purposes of subsection (a)(1), a conflict-of-interest transaction will be approved if it receives the affirmative vote of a majority of the directors who have no direct or indirect interest in the transaction, but a transaction may not be approved under this Section by a single director. If a majority of the directors who have no direct or indirect interest in the transaction vote to approve the transaction, a quorum is present for taking action under this Section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection (a)(1) if the transaction is otherwise approved under that subsection.

For purposes of subsection (a)(2), a conflict-of-interest transaction will be approved if it receives the vote of a majority of the Members entitled to be counted under this subsection. If a director who has a direct or indirect interest in the transaction is also a Member, their vote may not be counted in a vote of Members to determine whether to approve a conflict-of-interest transaction under subsection (a)(2). A majority of the Members, whether or not present, that are entitled to be counted in a vote on the transaction under this subsection constitutes a quorum for taking action under this Section.

Article 6

Officers

Section 6.01 Election, Tenure, and Compensation

The officers of the Co-op will be a President, one or more Vice Presidents, a Secretary, and a Treasurer. The officers will be elected annually by the Board at its first meeting following the annual meeting of the Members. The offices of Secretary and Treasurer may be held by the same person, but no officer may sign, acknowledge, or verify any instrument in more than one capacity if the law or these Bylaws require the instrument to be executed, acknowledged, or verified by two or more officers. The Board will fix the compensation or salary paid to all officers of the Co-op by resolution.

If any office other than an office required by law is not filled by the Board or later becomes vacant, the office and all references in these Bylaws are inoperative until the Board fills the office in accordance with these Bylaws.

Except where otherwise specifically provided in a contract duly authorized by the Board, all officers and agents of the Co-op are subject to removal at any time by the majority vote of the whole Board, and all officers, agents, and employees hold office at the discretion of the Board or of the officers appointing them.

Section 6.02 Powers and Duties of the President

The President is the chief executive officer of the Co-op and has general charge and control of all its business affairs and properties. They will preside at all Member meetings.

The President may sign and execute all authorized bonds, contracts, or other obligations in the Co-op's name. They will have the general powers and duties of supervision and management usually vested in the office of president of a corporation. They shall perform all other duties as the Board may assign from time to time.

Section 6.03 Powers and Duties of the Vice President

The Board shall appoint a Vice President and may appoint more than one Vice President. Any Vice President (unless otherwise provided by resolution of the Board) may sign and execute all authorized bonds, contracts, or other obligations in the name of the Co-op. Each Vice President will have other powers and perform all other duties assigned by the Board or by the President. If the President is absent or disabled, any Vice President will perform the duties of that office, and any action taken by the Vice President in place of the President will be conclusive evidence of the absence or disability of the President.

Section 6.04 Secretary

The Secretary will give or cause to be given notice of all meetings of Members and directors and all other notices required by law or by these Bylaws. In the Secretary's absence, refusal, or neglect, the President may direct any person to give this notice. The Secretary must record all the Member and Board meeting proceedings in books provided for that purpose, and shall perform all other duties assigned by the Board or the President.

In general, the Secretary shall perform all the duties generally incident to the office of secretary of a corporation, subject to the control of the Board and the President.

Section 6.05 Treasurer

The Treasurer will have custody of all the funds and securities of the Co-op, and they will keep full and accurate account of receipts and disbursements in books belonging to the Co-op. The Treasurer will deposit all moneys and other valuables in the name and to the credit of the Co-op in the depository or depositories designated by the Board.

The Treasurer shall perform all the duties generally incident to the office of treasurer of a corporation, subject to the control of the Board and the President.

If the Board does not take affirmative action to fill the office of Treasurer, the Secretary shall assume and perform all powers and duties given to the Treasurer by these Bylaws.

Article 7

Records and Reports

Section 7.01 Corporate Records

(a) Records Generally

The Co-op shall keep as permanent records minutes of all meetings of the Members and the Board, a record of all corporate actions approved by the Members or the Board by executed consent without a meeting, and a record of all corporate actions approved by a committee of the Board exercising the authority of the Board on behalf of the Co-op. The Co-op shall also maintain appropriate accounting records. The Co-op or its agent shall also maintain a list of the current Members, in a form that permits preparation of a list of the names and mailing addresses of all Members in alphabetical order. These records shall be maintained in a form capable of conversion into paper form within a reasonable time.

(b) Records to Be Kept at the Principal Office

The Co-op shall maintain copies the following records at its principal office:

- its Articles of Incorporation, including any restatements or amendments;
- its Bylaws, including any restatements or amendments;
- minutes of all Member meetings, and records of all corporate actions approved by Members without a meeting, for the past three years;
- the financial statements (balance sheet and income statement) for the past three years;
- all written communications to Members generally within the past three years;
- a list of the names and business mailing addresses of its current directors and officers; and
- its initial report or most recent annual report delivered to the Secretary of State.

Section 7.02 Inspection of Records by Members

(a) Inspection Generally

A Member is entitled to inspect and copy, during regular business hours at the Co-op's principal office, any of the records described in Section 7.01(b) if the Member gives the Co-op an executed written notice of the Member's demand at least five business days before the date on which the Member wishes to inspect and copy.

(b) Special Inspection

A Member is entitled to inspect and copy, during regular business hours at a reasonable location specified by the Co-op, any of the following records if the Member meets the requirements of Section 7.02(c) and gives the Co-op an executed written notice of the Member's demand at least five business days before the date on which the Member wishes to inspect and copy:

- excerpts from minutes of any meeting of the Board, or of any meeting of a committee of the Board while exercising the authority of the Board, minutes of any meeting of the Members, and records of corporate actions approved by the Members or Board or a committee thereof without a meeting, to the extent not subject to inspection under Section 7.02(a);
- accounting records of the Co-op; and
- the record of Members.

(c) Qualification for Special Inspection

A Member may inspect and copy the records described in Section 7.02(b) only if:

- the Member's demand is made in good faith and for a proper purpose;
- the Member describes with reasonable particularity the Member's purpose and the records the Member desires to inspect; and
- the records are directly connected with the Member's purpose.

The right of inspection granted by this Section may not be abolished or limited by the Articles of Incorporation or Bylaws.

Article 8

Bank Accounts and Loans

Section 8.01 Bank Accounts

The Board may from time to time authorize designated officers or agents of the Co-op to deposit any corporate funds in those banks or trust companies designated by the Board, or may delegate to those officers or agents the authority to designate banks or trust companies. The designated officers or agents may also withdraw any or all of the funds of the Co-op deposited in the bank or trust company upon checks, drafts, or other instruments or orders for the payment of money, drawn against the account or in the name or behalf of the Co-op and made or signed by those officers or agents. Each bank or trust company with which funds of the Co-op are deposited is authorized to accept, honor, cash, and pay—without limit as to amount—all checks, drafts, or other instruments or orders for the payment of money when drawn, made, or signed by officers

or agents designated by the Board until the bank or trust company receives written notice revoking the authority of any officers or agents from the Board. The Board will certify from time to time to those banks or trust companies the signatures of the officers or agents of the Co-op authorized to draw against those accounts. If the Board fails to designate the persons by whom checks, drafts, and other instruments or orders for the payment of money will be signed, any checks, drafts, and other instruments or orders for the payment of money must be signed by the President or a Vice President and countersigned by the Secretary or Treasurer.

Section 8.02 Loans

No loans may be contracted on behalf of the Co-op and no evidences of indebtedness may be issued in its name unless authorized by a resolution of the Board. The authority granted in the resolution may be general or confined to specific instances.

Section 8.03 Contracts

The Board may authorize any officer, agent, or agents of the Co-op to enter into any contract or to sign and deliver any instrument in the name of and on behalf of the Co-op. The authority granted by the Board may be general or confined to specific instances.

Article 9

Indemnification

Section 9.01 Indemnifying Officers and Directors against Third-Party Lawsuits

The Co-op will indemnify a person who was or is a party or is threatened to be made a party to any threatened, pending, or completed legal action—civil, criminal, administrative, or investigative—because they are or were a director or officer of the Co-op, or is or was serving at the request of the Co-op as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise. This indemnity is against expenses—including attorney’s fees, judgments, fines, and settlement amounts—actually paid and reasonably incurred by them in connection with the legal action if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the Co-op, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. This indemnity does not extend to an action by or in the right of the Co-op.

Section 9.02 Discretionary Indemnification of Employees

The Board may extend, on a case-by-case basis, the indemnification provided in Section 8.01 to any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed legal action because they are or were an employee or agent of the Co-op other than

a director or officer of the Co-op. Despite the foregoing, the Co-op will be obligated to indemnify against expenses, including attorney's fees, actually and reasonably incurred by an employee or agent as a result of a legal action described in Section 8.01 to the extent the employee or agent has successfully defended the legal action on the merits or otherwise.

Section 9.03 Advance Payment of Expenses

The Co-op may pay expenses incurred in defending a civil or criminal action against a director, officer, employee, or agent in advance of the action's final disposition as authorized by the Board. In each specific case, the Co-op must have received an undertaking by or on behalf of the director, officer, employee, or agent to repay the amount unless it is ultimately determined that they are entitled to be indemnified by the Co-op as authorized in this Article.

Section 9.04 Survival of Indemnification

The indemnification provided by this Article will continue as to a person who has ceased to be a director, officer, employee, or agent and will inure to the benefit of the person's heirs, executors, and administrators. This indemnification is not exclusive of any other rights to which those seeking indemnification may be otherwise legally entitled.

Section 9.05 Insurance on Indemnitees

In order to satisfy its obligations under these Bylaws, the Co-op may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Co-op and who is indemnified against liabilities under this Article.

Article 10

Amendments

The Board has the authority to amend or repeal these Bylaws, in whole or in part, and may from time to time make additional Bylaws. This action may be taken at any general or special meeting of the Board by a vote of the directors. But if the action is to be taken at a special meeting, notice of the meeting must state that a purpose of the meeting will be to consider and act upon alterations, amendments, or repeal of the Bylaws.

The Members may amend or repeal the Bylaws, or adopt new Bylaws, even though the Bylaws may also be amended or repealed, or new Bylaws may also be adopted, by the Board.

Article 11

Operating Rules

Written rules, separate from these Bylaws, may be established by the Members or by the Board (**Operating Rules**). These Operating Rules may be added to, amended, or repealed at any meeting of the Members or of the Board. The Operating Rules shall be binding on all Members and directors, unless inconsistent with the law, the Articles of Incorporation, the Bylaws, membership agreements, or other applicable written agreements. A current copy of the Operating Rules shall be maintained by the Secretary, and a copy shall be available to any Member requesting a copy.

Article 12

Miscellaneous Provisions

Section 12.01 Validity of Copies

Any person may rely on a copy of these Bylaws or any resolution of the Board that the Secretary certifies to be a true copy to the same effect as if it were an original.

Section 12.02 Singular and Plural

Unless the context requires otherwise, words denoting the singular may be construed as plural and words of the plural may be construed as denoting the singular. The word *or* used in a list of more than two items may function as both a conjunction and a disjunction as the context requires or permits.

Section 12.03 Resignation or Removal

The phrase *resignation or removal* means the voluntary or involuntary removal of a director or officer, as the case may be, due to death, disability, removal by vote of the Members or directors (as the case may be), resignation, or refusal to act.

Section 12.04 Headings of Articles, Sections, and Subsections

The headings of Articles, Sections, and subsections used within these Bylaws are included solely for the convenience and reference of the reader. They have no significance in the interpretation or construction of this Agreement.

Section 12.05 Notices

Unless otherwise stated, whenever these Bylaws call for notice, the notice must be in writing and must be personally delivered with proof of delivery, or mailed postage prepaid by regular U.S. mail, or sent by email or facsimile, to the last known mailing address, email address or facsimile number, as applicable, of the party requiring notice. If delivery is made by U.S. mail, notice is effective on the date mailed. If delivery is made by email or facsimile, notice is effective when delivered to an email address or facsimile number, as applicable, at which the party requiring notice has consented to receive such notice. In all other cases, notice is effective when delivery is made.

Section 12.06 Waiver of Notice

Whenever any notice is required to be given under these Bylaws, the Articles of Incorporation, or any law, a written waiver of the notice, signed by the person or persons entitled to receive notice, whether before or after the time stated therein, is equivalent to the giving of that notice.

Attending any meeting is a waiver of notice of the meeting except if the attendance is for the specific purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

CERTIFICATE OF SECRETARY

That the undersigned does hereby certify that the undersigned is the Secretary of Hemp Co-op, a cooperative association duly organized and existing under and by virtue of the laws of the state of Washington; that the above and foregoing Bylaws of said cooperative were duly and regularly adopted as such by the Board of Directors of said cooperative; and that the above and foregoing Bylaws are now in full force and effect.

DATED: _____

Topsanna Littlestar, Secretary