

BYLAWS
OF
WHOLE FOODS COOPERATIVE

As Amended November 2019

Article I
Organization

Section 1.1 - Name. The name of the organization is Whole Foods Cooperative (referred to in these bylaws as “the Co-op”).

Section 1.2 - Purposes. The principal purpose of the Co-op is to acquire and distribute groceries and other consumer goods to its Investors and others. The Co-op shall also provide consumer information and education to the Investors. The Co-op is organized and shall be operated exclusively on a cooperative and for-profit basis.

Section 1.3 - Nondiscrimination. The Co-op shall not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, political affiliation, disability or other arbitrary basis.

Section 1.4 - Principal Office. The principal office of the Co-op shall be located in Erie, Pennsylvania.

Article II
Investment

Section 2.1 - Admission. Any individual 18 years and older may become an Investor of the Co-op. Investors shall purchase one share of common stock by paying its stated value, in accordance with the amounts set forth from time to time by the Board, in full or subscribe to purchase such share by executing a subscription agreement and paying in installments over a period of time determined by the Board of Directors. All investors shall make such additional capital investments on an annual basis as it determined by the Board to be necessary for the reasonable capital needs of the Co-op.

Section 2.2 - Rights. Each Investor shall be entitled to make purchases from the Co-op on terms generally available to Investors and to receive a copy of these bylaws. Each Investor shall be entitled to participate in the governance of the Co-op as set forth in these bylaws.

Section 2.3 - Responsibilities.

Each Investor who maintains current equity requirements as described in Section 2.2 above, notifies the Co-op of any change to his or her name or address, and makes a purchase within the store within a two year period shall be considered in active status, or in failing to meet these requirements, shall be held to be inactive (“Inactive”) and to have voluntarily terminated their Investment and donated their equity to the general funds of the Cooperative. References herein to the rights and entitlements of Investors shall be understood to refer only to Investors in good standing and of active status.

Section 2.4 - Access to Information. Subject to limitations imposed by law and the Board, Investors shall be provided reasonably adequate and timely information as to the organizational and financial affairs of the Co-op.

Section 2.5 - Settlement of Disputes. In any dispute between the Co-op and any of its Investors or former Investors, which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to use mediation, whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

Section 2.6 - Nontransferability. Investor’s rights and interests may not be transferred. Any attempted transfer shall be wholly void and shall confer no rights on the intended transferee.

Section 2.7 - Termination. Investment may be terminated voluntarily by an Investor at any time upon written notice to the Co-op, or implicitly upon becoming Inactive. Investment may be terminated involuntarily by the Board for good cause furnished to the Investor in writing and pursuant to Section 2.6 above. Upon termination of investment, all rights and interests in the Co-op shall cease except for rights to redemption of share capital pursuant to Article VII below.

Article III
Patronage

Section 3.1 - Allocation to Investors

The Co-op shall allocate and distribute to Investors the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with Co-op principles, applicable state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made, and may establish reasonable reserves.

Section 3.2 - Consent of Investors

By obtaining or retaining Investment in the Co-op, each Investor shall be deemed to consent to take into account, in the manner and to the extent required by federal and state tax law, any patronage refund received from the Co-op.

Section 3.3 - Retained Amounts

Patronage dividends not currently distributed by check or rebate shall be credited or charged to revolving capital accounts in the names of recipient Investors. Retained patronage dividends shall accrue no dividend or interest. Retained amounts that are no longer needed for capital purposes of the Co-op may be redeemed in such amounts and at such times as may be determined by the Board. At that time they shall be redeemed only in the order of the oldest outstanding amounts and only on a ratable basis among such amounts for each fiscal year, except that redemptions may be made payable only to Investors who are then in good standing and active status or become so within a period of time determined by the Board. Retained patronage refunds shall be redeemed at their carrying value on the books of the Co-op or their net book value, whichever is lesser.

Section 3.4 - Allocation of Net Loss

Allocated net losses shall not be assessed or collected from Investors, except under the provisions of this Section.

In the event the Cooperative shall incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated Investor equity account. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may either be carried forward to offset net savings of subsequent fiscal years or allocated to Investors in the same manner as for positive net savings except that such allocation shall not exceed the total of invested capital. Any such allocated net loss shall be charged first against retained patronage refunds of prior fiscal years and then against patronage refund allocations of subsequent fiscal years. Allocated net losses which are not so offset may be charged against the carrying value of share only upon termination.

Section 3.5 - Basis of Allocation

Patronage refunds shall be allocated to each Investor in the proportion which his or her patronage bears to the total of all Investor patronage during the fiscal year. Patronage shall be understood to mean goods and services purchased from the Co-op and shall be measured in U.S. dollars.

Section 3.6 - Distribution and Notice

Patronage refunds shall be evidenced by written notices of allocation delivered to recipient Investors. Written notices shall state the dollar amount of the allocation which constitutes a patronage dividend within the meaning of federal tax laws. Any allocations under \$1 or of such a nominal amount that do not justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other Investors.

If the Cooperative exercises due diligence in notifying any Investor of refunded patronage dividends via U.S. Mail and if the Investor fails to claim the dividends within three (3) years after said dividends become payable, or if any such notification is returned to the Co-op as undeliverable, then the funds owed to the Investor will be held to have been forfeited by the Investor and allocated as ordinary income to the Co-op.

Article IV Meetings of Investors

Section 4.1 - Annual Meeting. An annual meeting of Investors shall be held in October of each year for the purpose of receiving reports on the operations and finances of the Co-op, introducing candidates for director positions, discussing motions and resolutions to be acted upon, and conducting such other business as may properly come before the meeting.

Section 4.2 - Special Meetings. Special meetings of Investors may be called by the Board and shall be called by the Secretary as soon as practicable upon receipt of petitions signed by five percent of all Investors, such petitions stating the business to be brought before the meeting.

Section 4.3 - Time and Place. The date, time and place of all meetings of Investors shall be determined by the Board or, in the event that the Board fails to so act, by the Secretary. Meetings shall be held at a time and place convenient to Investors.

Section 4.4 - Notice. Notice of the time, place and purpose of any meeting of the Investors shall be published in the newsletter and on display in the Co-op not less than twenty days or more than ninety days before the day of the meeting.

Section 4.5 - Record dates. Unless otherwise determined by the board, only persons who have been Investors for 24 hours shall be entitled to notice of any meeting of Investors and to vote at such meeting.

Section 4.6 - Quorum. The presence in person at the opening of the meeting of fifteen Investors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of Investors.

Section 4.7 - Decision making. Unless otherwise determined by the Board, all decisions at meetings of Investors shall be made by secret ballot submitted by Investors following the meeting and continuing for the next thirty days. Each Investor shall have one and only one vote on each issue submitted to a vote of Investors. Voting by proxy shall not be permitted. Except as otherwise required by law or by these bylaws, decisions at meetings of Investors shall be made by a simple majority of votes cast or, where one or more choices are to be made from several alternatives, by having received the greater number of votes. Meetings of Investors shall be conducted generally in accordance with reasonable and accepted rules of parliamentary procedure.

Section 4.8 - Issues submitted by Investors. Notices of the annual meeting of Investors shall include any relevant issues germane to governance submitted by petition of twenty or more Investors. Petitions must be received at the Co-op not less than forty-five days before the date of the meeting at which they are to be presented to a vote of Investors.

Article V

Board of Directors

Section 5.1 - Powers and duties. Except as to matters reserved to Investors by law or by these bylaws, the business and affairs of the Co-op shall be managed under the direction of the Board of Directors (sometimes referred to in these bylaws as “the Board”). In exercising such powers, the Board may consider the short-term and long-term effects of its actions upon the Co-op, and the effects of such actions upon Investors, employees, suppliers, customers, creditors and the surrounding community, as well as other pertinent factors.

Section 5.2 - Number and qualifications. The Board shall consist of nine individuals. All directors shall be investors and shall not have any overriding conflict of interest with the Co-op, as determined at the discretion of the Board. The following individuals shall not be permitted to serve on the Board due to the obvious conflict of interests: the General Manager of the Co-op, employees of the Co-op, the accountant or CPA for the Co-op, and any former employees who were terminated by the Co-op.

Section 5.3 - Nominations, election and terms. To be included on the printed ballot, directors may be nominated by the Board, by a nominating committee or by petition signed by ten investors and submitted to the Co-op at least forty-five days before the date of the annual meeting. The ballot will have spaces for write-in candidates. The Co-op shall maintain nine positions on the board, each year three shall be elected for staggered terms of three years. Directors may run for reelection to serve three consecutive terms - up to 9 years, after which they must take a minimum of a one year hiatus before they may run for reelection.

Section 5.4 - Compensation. Directors may be compensated as determined by the Board. Directors shall be reimbursed for reasonable expenses incurred in connection with business of the Co-op.

Section 5.5 - Standard of conduct. Directors shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of the Co-op and with the care that a person of ordinary prudence would use under similar circumstances.

Section 5.6 - Limitation of liability. Except as to responsibility under any criminal statute or for payment of federal, state or local taxes, a director shall not be liable for monetary damages for any action taken unless: (i) the director has breached or failed to perform the duties of his or her office; and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Section 5.7 - Conflicts of interest. Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such an interest may not participate in the discussion or decision of the matter.

Section 5.8 - Indemnification. The Co-op shall indemnify its current and former directors and officers against all reasonable expenses to which they may become subject by reason of their positions with the Co-op or their service in its behalf to the fullest extent permitted by law. Indemnification payments and advances of expenses shall be made on a priority basis, but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due.

Section 5.9 - Committees. The Board may create standing or special committees to advise the Board or to exercise such authority as the Board shall designate. Members of all committees shall be appointed by the committee chair and may be removed or replaced by the board whenever the best interests of the Co-op would thereby be served. To exercise any authority of the Board a committee must be composed exclusively of directors and may take action only upon reasonable notice to all of its members and a quorum of at least three persons. An executive committee shall include the principal officers. No committee shall operate to relieve the Board of any of its legal responsibilities in the oversight of the Co-op.

Section 5.10 - Termination. The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon notice to the Co-op; (ii) automatically upon termination of investment in the Co-op; (iii) by action at a meeting of Investors whenever the best interests of the Co-op would thereby be served; and (iv) for cause by a two-thirds vote of the Board. A director who is absent from two consecutive Board meetings, unless excused by the Board for good cause, shall be presumed to have resigned.

Section 5.11 - Vacancies. Any vacancy among directors may be filled by the Board at their discretion at any point in the service year until the next regularly scheduled election for that position. Candidates for mid-term vacancies may be appointed by the board, and appointees will fill the remainder of the existing term. Appointees would be eligible to run for (re)election at the conclusion of that term.

Article VI Meetings of the Board

Section 6.1 - Convening. The Board of Directors may determine the times and places of regular meetings. Special meetings may be called by the President and shall be called by the Secretary upon request of any three directors. Meetings of the Board shall be held no less frequently than once each month.

Section 6.2 - Notice. Regular meetings shall require no notice other than the resolution of the Board, it being the responsibility of absent directors to inquire as to the time of further scheduled meetings. Special meetings shall require written or oral notice to all directors. Written notice shall be delivered at least five days before the date of the meeting and oral notices shall be given in person or electronically at least forty-eight hours before the time of the meeting. Notices of meetings of the Board shall also be posted in a timely manner and in a conspicuous place in the Co-op's store.

Section 6.3 - Waiver of notice. Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required. The attendance of any person at a meeting shall constitute a waiver of notice of the meeting except where the person attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully convened.

Section 6.4 - Quorum. The presence in person of a majority of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

Section 6.5 - Decision making. Unless otherwise required by law or by these bylaws, decisions at meetings of the Board shall be made by majority vote. Meetings of the Board shall be conducted generally in accordance with reasonable and accepted rules of parliamentary procedure.

Section 6.6 - Action by written consent. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a written consent to the action is signed by all directors and filed with the minutes of meetings.

Section 6.7 - Open meetings. Meetings of the Board and all committees shall be open to Investors. Sessions of a meeting may be closed only as to issues of a particularly sensitive nature. Such closed sessions shall be largely only for purposes of discussion and will involve decision making only at the President's discretion. Investors may otherwise be excluded only for cause.

Article VII Officers

Section 7.1 - Designation and qualifications. The principal officers of the Co-op shall consist of President, Vice President, Secretary and Treasurer. The Board may designate other officers or assistant officers. All principal officers shall be directors.

Section 7.2 - Election, terms and removal. Officers shall be elected by the Board at its first meeting following the annual meeting of Investors. Officers shall serve for terms of one year or until election of their successors. Officers may be removed and replaced by the Board at any time whenever the best interests of the Co-op would thereby be served.

Section 7.3 - Duties. In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Board, officers shall have the following duties and such additional duties as are determined by the Board:

- (a) The President shall be responsible for coordinating the activities of the Board, approving agendas for Board meetings, and facilitating meetings of the Board and Investors;
- (b) The Vice President shall serve as parliamentarian at all meetings and perform the duties of the President in his or her absence;
- (c) The Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and Investors, overseeing the issuance of notices required under these bylaws, and authenticating records of the Co-op; and
- (d) The Treasurer shall be responsible for overseeing the maintenance of financial records, reporting of financial information and filing of required reports and returns.

Article VIII Capital Stock

Section 8.1 - Issuance and terms. To evidence capital funds provided by Investors, the Co-op shall issue its common stock. Common shares may be issued only to persons eligible for and admitted to investment in the Co-op, and shall be issued only upon full

payment of their purchase or subscription price. Common shares shall not be entitled to a dividend.

Section 8.2 - Redemption. Upon request following termination of investment, common shares shall be redeemed when replacement capital is provided by other Investors. Shares shall be redeemable at the lesser of their carrying value on the books of the Co-op or their net book value, less a reasonable processing fee, if any, as determined by the Board. Redemption proceeds shall be subject to offset by amounts due and payable to the Co-op by the Investor. Reapplications for investment after full or partial redemption shall be subject to full repayment of redemption proceeds.

Section 8.3 - Preferred Stock. Only Investors of this Co-op may be holders of preferred shares. No voting rights shall be conferred by the ownership of preferred stock.

Article IX Fiscal Matters

Section 9.1 - Fiscal year. The fiscal year of the Co-op shall begin on the first day of July in each year and end on the last day of June of the succeeding year.

Section 9.2 - Disposition of net earnings. The net earnings of the Co-op shall be used for the development needs of the Co-op and for the provision and extension of its services.

Section 9.3 - Financial accountability. Financial statements of the Co-op for each fiscal year shall be compiled, reviewed or audited by an independent certified public accountant selected by the Board. Such engagement may include a management review and report concerning financial management, including adherence to governing policies, adequacy of operating controls and such other matters as may be determined by the Board.

Section 9.4 - Bonding. Any officer, employee or other agent of the Co-op who handles funds or securities in an amount determined by the Board shall be covered by an adequate bond or insurance policy in such amounts and on such terms as may be determined by the Board. The costs of such bonds shall be paid by the Co-op.

Section 9.5 - Annual report. The Board of Directors shall submit to the annual meeting of Investors a report which includes financial statements of the Co-op, the number of Investors as of the date of the report, and a statement of the increase or decrease in such number during the year preceding the date of the report.

Article X Dissolution

Section 10.1 - Dissolution. Upon dissolution of the Co-op, its assets shall be

distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming all shares which, if they cannot be paid in full, shall be paid on a pro rata basis among all outstanding amounts; and (iii) by distributing any remaining assets to one or more nonprofit organizations that best furthers the purposes of the Co-op.

Article XI Interpretation and Amendment of Bylaws

Section 11.1 - Severability. In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

Section 11.2 - Amendment. These bylaws may be amended or repealed, provided (i) that the proposed amendments are first approved for submission to Investors by a two-thirds vote of the Board of Directors; (ii) that a copy of the proposed amendments or a summary of the changes to be effected thereby are included in the notice of the meeting of Investors at which the amendments are to be discussed; and (iii) that the amendments are approved by a two-thirds vote of Investors voting. Voting by secret ballot shall commence at the close of the meeting and continue for the following thirty days.