

COURT FILE NUMBER

2501-02733

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COOPERATIVES ACT* 2501 02733
SA 2001, c C-28.1

AND IN THE MATTER OF THE RECEIVERSHIP OF
PICTURE BUTTE FEEDER COOPERATIVE

APPLICANT

ALVAREZ & MARSAL CANADA INC., IN ITS CAPACITY AS
COURT-APPOINTED RESTRUCTURING OFFICER OF
PICTURE BUTTE FEEDER COOPERATIVE

DOCUMENT

SECOND REPORT OF THE RESTRUCTURING OFFICER

SEPTEMBER 8, 2025

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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DOCUMENT

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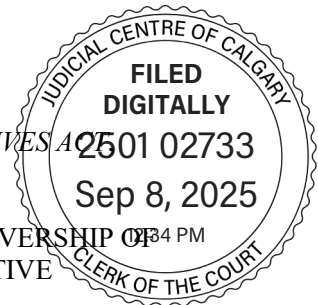


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INTRODUCTION

1. Effective February 21, 2025 (the “**Restructuring Officer Order Date**”), pursuant to an order granted by the Court of King’s Bench of Alberta (the “**Court**”) in Action No. 2501-02733 (the “**Restructuring Officer Order**”), Alvarez & Marsal Canada Inc. was appointed the receiver and manager (the “**Restructuring Officer**”), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”) of Picture Butte Feeder Cooperative (“**PBFC**” or the “**Cooperative**”) pursuant to section 299(1) of the *Cooperatives Act*, SA 2001, c C-28.1 (the “*Cooperatives Act*”), as amended and section 13(2) of the *Judicature Act*, RSA 2000, c J-2, as amended (the “**Restructuring Proceedings**”).
2. The Restructuring Officer Order empowers and authorizes, but does not obligate, the Restructuring Officer to, among other things, take possession and control of the Property and of any and all proceeds, receipts and disbursements arising out of or from the Property, and abandon, dispose of, or otherwise release any interest in any of the Cooperative’s real or personal property, or any right in any immovable property.
3. On June 30, 2025 the Restructuring Officer provided an update to the Court on the Restructuring Proceedings, including, but not limited to, the initial activities of the Restructuring Officer since the Restructuring Officer Order Date, an operational update of the Cooperative since the Restructuring Officer Order Date including its future proposed course of action. In addition to the update, the Restructuring Officer was granted approval of its actions, activities and conduct as well as approval of its fees and disbursements including that of its counsel.
4. The purpose of this second report (the “**Second Report**”) is to provide this Honourable Court with information in respect of the following matters:
 - a) the activities of the Restructuring Officer since the Restructuring Officer’s First Report dated June 30, 2025 (the “**First Report**”);

- b) an operational update of the Cooperative since the First Report;
 - c) an update on the Restructuring Proceedings;
 - d) the actual cash receipts and disbursements for the period from June 1, 2025, to August 31, 2025 (the “**Reporting Period**”);
 - e) approval of PBFC’s amended by-laws, board policies and member policies;
 - f) approval of the engagement of MNP LLP (“**MNP**”) as the Cooperative’s external financial statement auditor;
 - g) approval of the Restructuring Officer’s actions, activities and conduct, and approval of the Restructuring Officer’s fees and disbursements and those of the Restructuring Officer’s counsel, Torys LLP (“**Torys**” or the “**Restructuring Officer’s Counsel**”) and the Cooperative’s legal counsel, Cassels Brock & Blackwell LLP (“**Cassels**” or the “**PBFC’s Counsel**”); and
 - h) the Restructuring Officer’s conclusions and recommendations.
5. Unless otherwise set forth herein, capitalized words or terms not defined or ascribed a meaning in this Second Report are as defined or ascribed the meaning set out in the First Report or the Restructuring Officer Order.
6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this Second Report, the Restructuring Officer has relied primarily upon information obtained through the representations of certain stakeholders, the Cooperative’s consultants and former employees of PBFC. In addition, where applicable, the Restructuring Officer has relied on the Cooperative’s books and

records, which were produced and maintained principally by the Cooperative and its former financial statement external auditors.

8. While the Restructuring Officer has reviewed certain financial information in respect of the Cooperative for reasonableness, the Restructuring Officer has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Company's financial information that would wholly or partially comply with Canadian Auditing Standards ("CASs") pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Restructuring Officer expresses no opinion or other form of assurance contemplated under CASs in respect of financial information.

BACKGROUND AND OVERVIEW

The FALG Program and Feeder Associations in Alberta

9. Established in 1991, PBFC is an Alberta cooperative established under the *Cooperatives Act*, that operates as a feeder association and is the largest of the 45 feeder associations in Alberta in terms of borrowings (eight times larger than the second largest feeder association in Alberta) and use of the provincial guarantee available under the Feeder Associations Loan Guarantee Program (the "**FALG Program**"). In accordance with the FALG Program, the Province provides a guarantee to the lenders in the amount of 15% of the total amount of the loans issued to a maximum of \$150 million. On August 27, 2025, the Restructuring Officer is advised that the Alberta Government increased the guarantee program from \$150 million to \$225 million.
10. PBFC, located in the heart of the 'Feedlot Alley' area of Alberta that is estimated to be one of the larger cattle feeding areas in North America and was created to provide a cost-effective financing alternative for cattle producers in Southern Alberta. PBFC holds 100% voting and outstanding shares of 2415082 Alberta Ltd. ("**241 Ltd.**"), a corporation incorporated pursuant to the laws of Alberta with a registered office in Lethbridge, Alberta. 241 Ltd. owns and holds certain software

and intellectual property rights that are used in the business of PBFC and the members of the Cooperative (collectively, the “**Members**”).

11. A feeder association, such as PBFC, is a cooperative set up and managed by livestock producers that enters into agreements with its members with the objective of assisting its members to grow, finish or otherwise deal with livestock or livestock products. Specifically, PBFC assists its Members in acquiring livestock by providing easy access to low-interest, leveraged financing backed by a government guarantee as part of the FALG Program. The FALG program has been supporting farmers in Alberta and other provinces for over eight decades. The FALG Program typically finances 17% to 24% of the cattle crop in Alberta each year, thereby providing a significant portion of the lending requirements, of and vital support to, the Alberta livestock industry.
12. Under the FALG Program, PBFC offers its Members access to funding in the form of two types of loans: (a) cattle purchase loans (“**Cattle Loans**”), and (b) cattle equity draw program loans (“**Equity Loans**”). To have access to either loan, membership with PBFC is a prerequisite.
13. The purpose of Cattle Loans is to assist new or existing Members in financing the purchase of livestock for growing and/or finishing. Subject to board of director (or Restructuring Officer) approval, the maximum borrowing limit for each Member under the Cattle Loans program is capped at \$3 million. All livestock purchased using a Cattle Loan is property of PBFC and is typically tagged or branded as PBFC livestock and used as collateral to secure the Cattle Loans advanced to the Members. Livestock purchased using a Cattle Loan does not become property of the Member until such time as the Cattle Loan is fully repaid (hence, the livestock is owned by PBFC). Until the Cattle Loan is repaid in full, Members have a contingent interest in the sale proceeds of the livestock. Once the cattle are ultimately sold by the producer, the purchase price from the buyers is remitted directly to PBFC, which are applied against the Cattle Loan and any remaining balance (the “**Overage**”) is remitted to the Member.

14. Equity Loans (only available to existing Members) are to provide Members with advances, where a Member has equity in their existing livestock, largely to allow Members to pay for ongoing production costs, such as feed. Livestock owned by Members or livestock in which Members have a contingent interest as a result of having obtained a Cattle Loan can be used as collateral to allow a Member to obtain an advance on equity in that particular livestock.
15. Currently, PBFC has approximately 112 active members.

Credit Agreement

16. As outlined in the First Report, the Bank of Montreal (“**BMO**”), as administrative agent (in such capacity, the “**Agent**”) for the syndicate of lenders (collectively, the “**Lenders**”), and PBFC entered into a First Amended and Restated Credit Agreement (as amended, or amended and restated, the “**Credit Agreement**”). Pursuant to the terms of the Credit Agreement, the Lenders made available to PBFC revolving credit facilities in the total maximum amount of \$335,000,000 (the “**Facilities**”). The purpose of the Facilities is to finance loans from PBFC to its Members under the FALG Program. In accordance with the FALG Program, the Province provided a guarantee to the Lenders in the amount of 15% of the total amount of the Facilities pursuant to a guarantee agreement dated June 19, 2017 between PBFC, the Agent and the Province (the “**Provincial Guarantee**”).
17. On May 21, 2025, the Restructuring Officer and the Lenders negotiated amended credit agreement (“**Amended Credit Agreement**”) maintaining the same borrowing levels of the Facilities, however with updated terms, covenants and reporting requirements. In addition to the Amended Agreement, a Side Letter (the “**Side Letter**”) was agreed to between PBFC (through the Restructuring Officer), the Lenders and the Inspection and Investigation Section of Alberta Agriculture and Irrigation (the “**Ministry**”) that clarifies reporting requirements and their timing to the Provincial Supervisor, the reporting of inventory counts and internal controls. The Amended Credit Agreement is set to expire on November 30, 2025, and as a result, PBFC will seek to renew the Amended Credit Agreement with the Lenders.

18. As at the date of this Report, there is approximately \$115.5 million utilized of the Facilities outstanding to the PBFC Members, in active Cattle Loans and Equity Loans. PBFC is forecasting that a significant amount of loans will start being placed over the next several months, which will require the full use of the Facilities.
19. Further background on PBFC, its financial circumstances and the events leading up to the Restructuring Officer Order, including the FAGL Program, are contained in the materials filed in support of the Restructuring Officer Order, including the Affidavit of Mr. Tony Ankermann, sworn February 18, 2025 (the “**Affidavit of Tony Ankermann**”). These documents, together with the First Report that outlines the Restructuring Officer’s Phase I activities and other relevant information have been posted by the Restructuring Officer on its website, including the Restructuring Officer Order and various application materials at: www.alvarezandmarsal.com/picturebutte (the “**Restructuring Officer’s Website**”).

ACTIVITIES OF THE RESTRUCTURING OFFICER SINCE THE FIRST REPORT

20. Since the First Report, the Restructuring Officer’s activities with respect to the Cooperative have included, but are not limited to, the following:
 - a) working with the Cooperative’s former auditor, Avail LLP (“**Avail**”), on various accounting and reporting requirements;
 - b) conducting a request for proposal and selecting MNP as PBFC independent financial statement auditor for fiscal year-ending August 31, 2025, subject to Court approval;
 - c) soliciting and interviewing candidates for the Administrator role within the Cooperative, which ultimately led to the selection (in consultation with the Ministry) of one successful candidate, Ms. Beverly Nieboer, who officially started with the Cooperative on July 3, 2025;

- d) training the newly hired Administrator on the various software programs used by the Cooperative for accounting and administrative purposes;
- e) initiating and carrying out a solicitation process, with the assistance of Avail as well as the Cooperative's Administrator and Supervisor, to hire a full-time bookkeeper and officer manager and review all applications concerning same;
- f) attending to numerous meetings with representatives from the Ministry, the Feeders Association of Alberta (the "FAA") and the Lenders, along with other stakeholders and Members;
- g) collaborating with the Ministry, the FAA, and PBFC's Lenders to continue to address issues outlined in connection with the original the Ministerial Order dated January 27, 2025, which was later rescinded by the Ministry on May 1, 2025;
- h) providing continued updates and communication to Members on restructuring progress and to address any concerns arising. Copies of the Member updates are posted to the Restructuring Officer's Website;
- i) completing a review of the FAGA and FAGR and the Member files to identify gaps or deficiencies in PBFC corporate governance and document files;
- j) attending multiple working sessions with the Restructuring Officer's legal counsel, PBFC's legal counsel, the Ministry and the FAA, as part of the Restructuring Officer's mandate to update the Cooperative's governance by-laws and policies, which are discussed further in this Report;
- k) continued efforts with respect to the various reporting requirements that are required by the Ministry, the Lenders and other stakeholders;

- l) ongoing review and reconciling of PBFC's financial records, including Member deposits, loan balances and banking transactions;
- m) continued review of both existing and new Member eligibility and the approval and issuance of new loans, which recommenced on May 26, 2025;
- n) ensuring that Member funds from cattle sales were collected and deposited into PBFC's accounts and applied against outstanding loan balances and any Overages that the Restructuring Officer reviewed and returned to the Member;
- o) continued meetings with the Ministry, FAA, PBFC, and Agent ("**Task Force**"); and
- p) daily monitoring of the cash receipts and disbursements and approving operational invoices and arranging payments on same.

OPERATIONAL UPDATE

Industry Overview

- 21. The Restructuring Officer is advised by the Supervisor that Cattle prices are up significantly (\$1,000 per head increase) year over year. As a result, this has reduced the specific headcount that an individual Member could purchase by approximately 300, which is a 27% reduction year over year (i.e. 1,100 last year vs. 800 presently).
- 22. The cattle prices will have an impact on the administration fees that can be charged by the Cooperative, as the administration fees are based on a per head basis. PBFC is optimistic that there will be an offset in this respect by increases to existing member authorizations and new member applications. PBFC will be monitoring the impact that this will have on PBFC's cash flows to determine what steps (if any) are required by PBFC to take to ensure liquidity is a non-issue.

New Loans and Acceptance of Members

23. The Restructuring Officer commenced accepting new Cattle Loan and Equity Loan requests effective May 26, 2025, shortly after the Amended Agreement and Side Letter was executed and approved. The Restructuring Officer continues to go through the required process to requalify all of its existing Members to the FAGR requirements, and other enhanced eligibility criteria to ensure that PBFC is compliant on their acceptance of Members going forward.
24. Below is a summary of PBFC's efforts in requalifying existing Members, qualifying new members and the value of new loans (between May 26, 2025 to September 5, 2025) which are either being approved or are in the process of being approved:

Picture Butte Feeder Cooperative		
Key Lending Highlights		
As at September 5, 2025		
<i>in CAD 000s</i>		
Number of requalified members		34
Number of new members		2
Number of requalified members in progress		56
Number of new members in progress		9
\$ value of new loans completed	\$	31,938

The

Supervisor has been working diligently to qualify and re-qualify (as applicable) all Members and process all new loan requests as quickly as possible, with the assistance of the Administrator and Restructuring Officer. The Supervisor has made note that new members have replaced those members who had decided to leave the Cooperative, resulting in a net neutral position from a member headcount perspective. The Cooperative continues to operate within its allocated funding and is confident that no adjustments will be required by the Ministry.

Ministry Inspections

25. PBFC has had three inspections by the Ministry since resuming operations. June, July and August inspections have been completed with a total of 4,883 head being inspected in this time frame. All inspections were reported to the Restructuring

Officer as being satisfactory, with great progress being made in internal reporting as well as the documentation in the Member files regarding qualifications of Members to meet the requirements of the FALG Program.

Staffing

26. As outlined in the First Report, the Restructuring Officer hired Ms. Beverly Nieboer (“**Nieboer**”) as the Cooperative’s Administrator. Nieboer started with the Cooperative on July 3, 2025 and has become quickly acquainted with the operations of PBFC.
27. In addition to the Administrator role being filled, the Restructuring Officer, in coordination with both the Administrator and Supervisor, has hired two additional support roles, being a bookkeeper and an office manager, to assist with operations. The office manager began on August 4, 2025 and the bookkeeper began on August 18, 2025.
28. The Restructuring Officer is confident that PBFC now has the appropriate staffing levels and can focus on upgrading the internal reporting for both the benefit of the membership as well as the various other stakeholders that support PBFC. The addition of a bookkeeper to compliment the Administrator with the accounting function will elevate the professionalism and quality of the bookkeeping and should aid in a more efficient audit process. A dedicated office manager with focus on record keeping should ensure that PBFC loan documentation is kept up to date and in a logically organised and easily accessible manner.
29. For consistency, this year PBFC is having the Supervisor complete the vast majority of the cattle inspections with the hopes of developing a clear and effective system in the field. Once a systematic approach is accomplished, the Cooperative will look to bring in additional support to aid the Supervisor with inspections.

RESTRUCTURING UPDATE

Overview

30. As noted within the First Report, the Restructuring Officer has categorized its efforts on a two-phase strategy to carry out its operational improvements and restructuring initiatives in addressing the Action Items (as set out and defined in the First Report). The first phase (“**Phase I**”) was largely focused to address matters that would (i) rescind the Ministerial Order; (ii) seek an amendment to the Credit Agreement that would allow the Lenders to continue to extend credit to the PBFC Members; (iii) establish revised Member eligibility criteria in requalifying existing members, new members and new loans in accordance with FAGR and FAGA; (iv) hire a new supervisor and administrator; and (vi) reconcile and conduct a review of the PBFC books and records, and existing Member loans.
31. The second phase (“**Phase II**”) consists of focusing on corporate governance matters, including:
- a) the development of a comprehensive set of corporate governance policies and procedures (collectively, the “**Policies**”);
 - b) the implementation of the Policies, which PBFC anticipates will include running a fair and transparent election to appoint a new board of directors of PBFC at an appropriate future time; and
 - c) the transition of PBFC out of the control of the Restructuring Officer into the control of a newly elected board of directors, so that PBFC can resume its normal operations with the revised Policies in place.
32. The Phase II process, as set out above and largely outlined in paragraphs 61-64 of the First Report, were authorized and approved by the Court.
33. With the Phase I items complete and with the Cooperative operating through the newly hired Administrator and Supervisor (with oversight by the Restructuring

Officer), the Restructuring Officer has been able to initiate the Phase II governance items as laid out within the First Report.

34. Below is a summary of the Phase II initiatives that have either been or soon to be completed thus far:
- a) Engaging legal specialists from both Cassels and Torgys to aid in the review and updating of the Cooperative's board policies, member policies and by-laws;
 - b) review and revise the existing by-laws and policies, in consultation with the Ministry and the FAA, to ensure that certain governance arrangements were addressed as part of the agreement to lift the Ministerial Order; and
 - c) initiate planning of a call for directors including drafting notices to nominate directors, discussing the requirement to elect directors and determining the structure of a special meeting to have this accomplished.

Communications with Various Stakeholders

35. The Restructuring Officer has continued to keep PBFC Members informed throughout the restructuring process both through formal update letters as well as keeping an "open door" policy (with the assistance of both the Supervisor and Administrator) to ensure the Cooperative's member base is aware of how the Restructuring Proceedings are progressing. The Restructuring Officer is set to disseminate its sixth letter to the PBFC members on September 8, 2025 to coincide with the Cooperative's year end of August 31, 2025. A copy of the update letter is attached to this Report as Appendix "A".
36. The Restructuring Officer will be distributing a notice for a call to nominate new directors to the PBFC board, including hosting a special meeting of the members to vote in new directors in due course, and only after the by-laws, board policies

and member policies have been approved by this Honourable Court, which are discussed in more detail below.

AMENDED BY-LAWS AND POLICIES

Overview

37. As indicated within its Phase II initiatives, it was a clear expectation by the Ministry that the Restructuring Officer review and revise the existing by-laws and policies at the Cooperative as a result of the Ministerial Order being rescinded on May 1, 2025.
38. Over the past couple of months, the Restructuring Officer, PBFC's legal counsel, the Restructuring Officer's legal counsel, representatives from the Ministry and the FAA, have been working closely and collaboratively to amend the Cooperative's by-laws, policies and conducting a review of PBFC's corporate governance framework.
39. Through the efforts of all stakeholders involved, the Restructuring Officer has included the proposed Amended By-laws, Amended Board Policies and Amended Member Policies in this Report and has summarized the main components below.

Amended By-Laws

40. Each cooperative in Alberta is required to be governed by by-laws and led by a competent board of directors. The by-laws must align with the governing legislation and guidance referenced throughout (the *Cooperatives Act* and its respective regulations, the *Feeder Associations Guarantee Act*, SA 2009, c F-11.1 and respective regulations, and the Feeder Associations of Alberta Manual).
41. As part of PBFC's corporate governance overhaul, the Restructuring Officer was tasked to modernize the by-laws and ensure that all aspects of the by-laws are in compliance with the various regulations and consistent with good corporate governance practice. The Restructuring Officer is seeking approval from this Honourable Court to approve amended PBFC by-laws (the "**Amended By-Laws**")

to allow the Restructuring Officer to carry out its next steps in Phase II to seek the election of board of directors and have PBFC being governed by the Amended By-Laws, that have been reviewed and supported by the Ministry, the FAA, the Restructuring Officer and respective legal counsel.

42. A copy of the finalized Amended By-Laws, along with a blackline copy from the original by-laws the Amended By-Laws, are attached as Appendix “B” and Appendix “C” to this Report, respectively.
43. The Amended By-Laws address a number of key governance issues, including the following:
 - a) expanding and clarifying which matters will constitute “conflicts of interest” and how such conflicts will be dealt with including through disclosure, abstention from voting and, in certain circumstances, prohibitions on transactions directors and officers may undertake;
 - b) mandating compliance with legislation as well as the Amended By-Laws and governance policies of the organization;
 - c) restricting director remuneration;
 - d) updating director appointment terms and introducing a requirement that efforts be made to place an “independent” director before the members at annual meetings;
 - e) modernizing director and member meeting protocols and clarifying meeting and approval processes;
 - f) expanding the qualification requirements of directors as well as the matters that will cause an individual to be disqualified from acting as a director;
 - g) updating indemnification and limitation of liability provisions; and

- h) making other general updates to more closely align with existing legislative references and best-practices in corporate governance.

Amended Board Policy

- 44. The PBFC Board of Directors Policy establishes the governance framework, duties, and conduct standards for the PBFC board. It defines how the board is to operate, which is in compliance with the Amended By-Laws, the *Cooperatives Act*, and the Manual of Directives and Procedures for Feeder Associations, and it establishes expectations designed to safeguard PBFC's integrity, resources and reputation.
- 45. The board policies have been amended (the "**Amended Board Policy**") to reflect certain outdated policies and to ensure compliance with the regulations and proper governance has been achieved. A copy of the finalized Amended Board Policy, along with a blackline copy from the original PBFC board policy to the Amended Board Policy are attached to this Report as Appendix "**D**" and Appendix "**E**", respectively.
- 46. Key elements the Amended Board Policies are as follows:
 - a) Board purpose and compliance: Directors' legal duties (care, obedience, loyalty), future focused and member oriented governing style, annual self monitoring, and the chair of the board (the "**Chair**") leadership responsibilities (meetings, agendas, evaluations, training, strategy, risk, succession);
 - b) Ethical, business-like and lawful conduct: Ethical, lawful behaviour, proper use of authority, confidentiality on sensitive matters, and annual acknowledgment of policies;
 - c) Conflicts of interest: Directors must comply with the Amended By-Laws, and under the Amended Board Policy are also required to provide mandatory written disclosure, abstain from voting on certain matters, and obtain formal board approval for conflicted or related

party transactions; the Amended Board Policy also provides for limits on such transactions; prohibitions on co signing member security deposits; strict rules on powers of attorney (only in extreme cases with prior board approval); and disgorgement of any improper personal benefit;

- d) Meetings and decisions: Compliance with statutory meeting requirements (including the annual general meeting), accurate minutes for board/committee/member meetings, and controlled revisions to minutes;
- e) Gifts and personal gain: Prohibition on improper gifts (cash strictly prohibited) and using a board position for personal gain or benefit;
- f) Remuneration and expenses: Volunteer board (no compensation); reimbursement of reasonable director expenses (mileage, accommodation, meals) with receipts and defined expense approval workflow (Chair; Administrator/Supervisor for Chair's expenses);
- g) Recordkeeping and privacy: Accurate books and records; financial records kept at least seven years; secure storage (physical and electronic); up to date member records with withdrawal files closed within 15 business days following the member's satisfaction of all of their obligations to PBFC (including all of those set out and referred to in the Amended By-Laws); written conflict of interest logs available to members on request; personal information collected only as necessary, retained as needed/by law, and not used for personal gain;
- h) Director education: Orientation for new directors and ongoing education to maintain skills and knowledge; every director must possess the capabilities, expertise, availability and knowledge required to fill their position adequately;

- i) Policy maintenance: annual (at minimum) review of the policy; amendments only by board approval (meeting majority or unanimous written resolution), with documentation and archiving of prior versions; and
- j) Emergencies: Temporary, expedited amendments or actions permitted by the Chair in urgent situations, subject to prompt review and ratification by the appropriate authority.

Amended Member Policy

- 47. The member policy sets out the governance, eligibility, conduct, information handling, and termination standards for PBFC Members. It supplements PBFC's by-laws and applicable Alberta law (i.e. the *Cooperatives Act*) and the Feeder Associations Manual. The member policy applies to prospective, active, and inactive Members and only the board may amend and should be reviewed on an annual basis, at minimum. In accordance with the Amended By-Laws, compliance with the Amended Member Policy (as defined below) is now clearly required in order for a PBFC Member to remain in good standing with the organization.
- 48. The member policy has been amended (the "**Amended Member Policies**") to update certain outdated policies and to ensure compliance with the regulations and proper governance has been achieved. A copy of the finalized Amended Member Policy, along with a blackline copy from the original PBFC member policy to the Amended Member Policy are attached to this Report as Appendix "**F**" and Appendix "**G**", respectively.
- 49. The Amended Member Policy applies to prospective, active and inactive Members. Only the PBFC Board of Directors is entitled to amend the Amended Member Policy and the expectation is that such policy will be reviewed by the PBFC Board at least annually.
- 50. The following is an overview of the proposed Amended Member Policy:

a) Member administration and eligibility

- Membership applications require board approval at a duly constituted meeting.
- Board conducts diligence to confirm eligibility under the Act and the Manual; may request additional documents.
- Group administration permitted only with board approval.
- Members must conduct themselves in a manner consistent with the Amended Member Policy, the Amended By-Laws, and legislation in place from time to time.

b) Financial controls and limits

- Security deposits required before livestock or equity advances; deposits cannot be financed; and equity advances cannot fund deposits.
- New Members receive only the lowest necessary loan, and increases require risk-based justification and resource capacity.
- Members and prospective Members must cooperate with all financial and operational risk mitigation efforts undertaken by the PBFC directors.

c) Member rights and obligations

- Rights include: voting at AGMs, Members can be elected/appointed (per by-laws/policy), access to benefits and other programs, and access PBFC information as permitted by law.

- Obligations: uphold PBFC principles, comply with policies/by-laws, meet and maintain financial commitments, and keep personal information updated and current.
- All Members are required to provide full and true disclosure in all of their application and disclosure materials to and in respect of PBFC. Any Member to has been found to be untruthful by way of a statement or failure to make a statement will no longer have any rights as a Member and will be removed from the Membership in accordance with the Amended By-Laws and applicable law.

d) Information governance and confidentiality

- Confidential PBFC information must not be disclosed without authorization, and Member access to records will be limited to what is necessary and in compliance with the bylaws, as determined by the board acting reasonably.
- Member information: collect only what is necessary, use/disclose only for administration or as required/consented, maintain accuracy, protect against unauthorized access, and retain as needed under law.

e) Communications

- Board provides timely notices and updates via official channels (email, newsletters, website) in line with by-laws and law.

f) Documentation and signatures

- All membership documents require full legal signatures and clear dates (MM/DD/YYYY), with consistent formats for multiple signatories.

- Electronic signatures via approved platforms (e.g. DocuSign), and handwritten signatures must be legible/consistent.
- Any post-signing changes require re-signing and re-dating, with discrepancies corrected before finalization, and documents stored per legal/board requirements.

g) Termination of Membership

- Voluntary: on notice in accordance with their Membership Agreement and the Amended By-Laws.
- Involuntary: for noncompliance with the *Cooperatives Act*, Manual, Amended By-Laws, or PBFC policy.
- The process for involuntary terminations must be fair and transparent.

h) Amendments and recordkeeping

- Amendments approved at a duly constituted board meeting by majority vote or by unanimous written resolution, and any prior versions must be archived per Board of Directors Policy.

THE COOPERATIVE'S AUDITOR

51. Shortly after the Restructuring Officer Order Date, the Restructuring Officer met with the former auditor of the Cooperative, Avail, to gain an understanding of the accounting function of PBFC. Avail provided additional assistance to the Restructuring Officer, largely in an interim management capacity, to assist in the operations of PBFC. Given Avail's role and the managerial duties it undertook in the Restructuring Proceedings, Avail decided that it could not act independently as PBFC's independent financial statement auditor going forward. As a result, PBFC must engage a new independent auditor to audit the Cooperative's financial statements for the 2025 fiscal year.

52. The Restructuring Officer, with the assistance of Avail, initiated a request for proposal process to seek qualified professional services firm to conduct financial statement audit. The Restructuring Officer received multiple proposals from reputable and capable accounting firms. The Restructuring Officer reviewed the respective proposals and ultimately selected MNP as the successful candidate to carry out this function, subject to Court approval.
53. The Restructuring Officer believes that MNP is best suited to become PBFC's auditor for the following reasons:
- a) MNP is a reputable firm with a large assurance practice that employs professionals that hold the appropriate training and designations to perform such work;
 - b) MNP is an independent third party, free of conflicts, which is requirement for MNP (and PBFC) to be engaged and carry out the audit requirement;
 - c) MNP is well-known in the cattle industry and has many clients (such as other cooperatives), and thus is familiar of the uniqueness of this industry and the specific requirements of the industry's financial statement audits;
 - d) The Supervisor and Administrator are in support of PBFC to engage MNP to become the new auditor; and
 - e) MNP's fee structure is competitive and appropriate given the time and effort required to have the audit/review completed.
54. The responsibility of the board of directors is to bring forward a motion for the Members to approve the appointment of the financial statement auditor. Given the unique situation that PBFC is in - where the Restructuring Officer is effectively the 'de-facto' board of directors in charge of PBFC's operations - there is no anticipated special members meeting anticipated to be called in the immediate future and the

Cooperative is in immediate need to have the auditor to start conducting its work, the Restructuring Officer is respectfully requesting that this Honourable Court approves the engagement of MNP as PBFC's financial statement auditor for fiscal 2025.

55. A copy of the proposed engagement letter with MNP is attached to this Report as Appendix "H".

RESTRUCTURING OFFICER'S FUTURE COURSE OF ACTION

56. The Restructuring Officer will continue to focus its efforts on implementing the Amended By-Laws, the Amended Member Policies and the Amended Board Policies, as well as seeking a new independent board of directors that will be elected by the PBFC Members. More information will be made available on this process to the Members in the coming weeks, and the Restructuring Officer has advised the PBFC Members that should they be interested in becoming a director of PBFC going forward, to communicate with the Restructuring Officer of their interest in this regard.
57. The Restructuring Officer had previously outlined in its First Report a preliminary timeline (subject to change) concerning their proposed next steps of Phase II, which was approved by this Honourable Court. The Restructuring Officer reviewed the timelines of its next steps and believe the updated timelines better reflect the realities of the Restructuring Officer being able to execute its tasks more effective, which may still be subject to further modification and provided that this Honourable Court approve the Amended By-Laws, the Amended Member Policies and the Amended Board Policies:
- a) call for nominations for membership of the board of directors from Members and seek independent board members, review applications and ultimately select qualified candidates for Member voting, between October 1 and November 14, 2025;

- b) arrange for a special meeting of Members to vote on a newly elected board of directors by mid to end November 2025, including electing the chairperson for the board;
- c) train, transition and monitor the board of directors to ensure the board cohesiveness and effectiveness, over the next several months, while continuing to monitor the operations of PBFC;
- d) assist PBFC in the negotiation of the expiring Amended Credit Agreement, such that is set to expire on November 30, 2025; and
- e) seek the Restructuring Officer's discharge within the first quarter of 2026, or as soon as practically possible.

58. The above proposed timeline is an estimated timeline that may be subject to change based on matters that may be out of the control of the Restructuring Officer. The Restructuring Officer is focused on having an appropriate transition occur, but whilst making sure that PBFC is under appropriate corporate governance.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

59. The following is a statement of the Restructuring Officer's receipts and disbursements within the Restructuring Officer's operating accounts between June 1, 2025 to August 31, 2025:

Picture Butte Feeder Cooperative Interim Statement of Receipts and Disbursements June 1, 2025 to August 31, 2025 <i>in CAD 000s</i>			
	Year-to-Date Feb 21/25 to Aug 31/25	Reporting Period Jun 1/25 to Aug 31/25	
Opening swingline balance	\$ (10,422)	\$ (418)	
Receipts			
Collection of accounts receivable	212,105	72,871	
CORRA Draws	12,119	12,119	
Investment proceeds	2,250	500	
Bank interest	79	36	
Total Receipts	\$ 226,553	\$ 85,525	
Disbursements			
Corra loan repayments	158,200	42,200	
Loans issued	27,368	27,368	
Overages	21,248	10,752	
Security deposit refunds	1,872	1,872	
Other bank charges	2,138	1,133	
Restructuring professional fees and costs	1,568	952	
Corra loan interest	2,806	783	
PBFC legal counsel & advisor costs	780	260	
Professional retainers	282	-	
Supervisor & administrator fees	78	78	
Miscellaneous expenses	68	30	
RFID & tag fees	50	24	
Office and administration	32	17	
Information technology	17	16	
Total Disbursements	\$ 216,508	\$ 85,483	
Total Receipts and Disbursements	\$ 10,045	\$ 42	
Ending cash balance	\$ (377)	\$ (377)	

60. The opening balance in the swingline accounts (line of credit) of \$418,000 represents outstanding PBFC's borrowings.
61. The Restructuring Officer collected approximately \$85.5 million relating primarily to:
- a) \$72.9 million in accounts receivable collections from Members' cattle sales to pay off existing Cattle Loans and Equity Loans;
 - b) \$12.1 million related to CORRA loan draws to assist with operational and loan funding requirements;

- c) \$500,000 of unrestricted investment proceeds have been withdrawn from the PBFC private banking portfolio into the operating accounts to assist with the funding of various required operating and restructuring disbursements; and
 - d) \$36,000 of bank interest.
62. Disbursements paid during the Reporting Period were approximately \$85.5 million, which primarily relate to:
- a) \$42.2 million in CORRA loan repayments from the collection of loan accounts receivables;
 - b) \$27.4 million in new Cattle Loan and Equity Loan invoices paid during the period;
 - c) \$10.8 million in Overage payments to PBFC Members;
 - d) \$1.9 million in security deposit refunds paid back to members who have departed the Cooperative;
 - e) \$1.1 million in interest expenses on the prime loan swingline bank account at the prime rate of interest plus 0.2%, which includes an amendment fee to the Lenders in with respect to the Amended Agreement;
 - f) Restructuring fees and costs of approximately \$952,000, relating to payments made to the Restructuring Officer and the Restructuring Officer's legal counsel (Torys);
 - g) \$783,000 in CORRA loan interest payments;
 - h) PBFC's legal counsel and advisor costs of approximately \$260,000 relating to PBFC's legal counsel (Cassels), consulting fees and other lender legal counsel fees as a result of the Amended Credit Agreement;

- i) Other expenses of approximately \$165,000 primarily relate to Supervisor and Administrator fees, historically issued cheques being cashed during the Reporting Period, RFID and tag fees, office and administrative expenses, and information technology support.
- 63. The ending swingline borrowings as at August 31, 2025, were approximately negative \$377,000.
- 64. The interim receipts and disbursements summary presented above is not inclusive of PBFC's restricted cash bank account; therefore, the opening cash balances represented in the above table does not consider approximately \$1.3 million of security deposit funds.
- 65. There were various security deposit related transactions that occurred during the reporting period as noted in the table below:
 - a) approximately \$299,000 in new security deposits have been collected from Members during the reporting period, including certain intercompany account deposits to ensure sufficient liquidity existed between PBFC accounts;
 - b) approximately \$1.9 million in security deposits refunds were paid back to Members during the period, which included a security deposit bank account that was used to pay down an outstanding loan balance at the request of a Member;

Picture Butte Feeder Cooperative Security Deposit Account Transaction Summary (Restricted Cash) February 21, 2025 to August 31, 2025 <i>in CAD 000s</i>	
Opening security deposit bank account balance	1,387
Security deposit collections	299
Intercompany transfer (investment proceeds)	500
Total security deposit collections	\$ 799
Security deposit refunds	1,872
Security deposit payment collection	23
Total security deposit disbursements	\$ 1,894
Ending security deposit bank account balance	\$ 293

66. The ending security deposit account balance as at August 31, 2025, was approximately \$293,000.

APPROVAL OF THE RESTRUCTURING OFFICER’S, FEES AND COSTS, ITS COUNSEL’S FEES AND COSTS, AND COUNSEL TO PBFC’S FEES AND COSTS

67. The Restructuring Officer seeks approval from this Honourable Court of its fees and disbursements from the May 31, 2025 to August 29, 2025, those of its legal counsel, Torys’ fees and disbursements from June 13, 2025 to August 31, 2025, and those of the Counsel to PBFC from June 1, 2025 to September 5, 2025 (the “**Interim Taxation Period**”), pursuant to paragraph 33 of the Restructuring Officer Order. This Honourable Court previously approved the fees and disbursements of the Restructuring Officer, its legal counsel and PBFC’s legal counsel as outlined in the First Report.
68. The total fees and disbursements of the Restructuring Officer during the Interim Taxation Period total \$472,238.04 (excluding GST) (the “**Restructuring Officer’s Fees and Costs**”), which is broken down by fees of \$449,719.50 and costs of \$22,518.54. The total fees and disbursements of the Restructuring Officer’s Counsel, during the Interim Taxation Period total \$78,357.77 (excluding GST) (the “**Restructuring Officer’s Counsel’s Fees and Costs**”), which is broken down by fees of \$77,910.50 and disbursements of \$447.27.

69. The total fees and disbursements of PBFC's Counsel, during the Interim Taxation Period total \$49,238.46 (excluding GST) (the "**PBFC Counsel's Fees and Costs**"), which is broken down by fees of \$49,238.46 and disbursements of \$0. A summary of the Restructuring Officer's Fees and Costs, the Restructuring Officer's Counsel's Fees and Disbursements and PBFC's Counsel's Fees and Costs are attached as Appendix "**I**".
70. The accounts of the Restructuring Officer, Restructuring Officer's Counsel's Fees and Costs and PBFC Counsel's Fees and Costs detail the work completed, including the date, description, duration, and the individual responsible for each task. These activities encompass a wide range of efforts, such as reconciling PBFC's financial records, advancing governance reforms, conducting Member re-qualifications, and negotiating the Amended Agreement. The Restructuring Officer has also overseen operational improvements, including the resumption of lending and the development of corporate policies to ensure compliance with the FAGA and related regulations. All of the activities and conduct of the Restructuring Officer are outlined in this Report. Copies of invoices for these services will be made available to the Court upon request.
71. The Restructuring Officer respectfully submits that its professional fees and disbursements, along with those of its legal counsel, and those of PBFC's Counsel, are fair and reasonable given the complexity and scope of the Restructuring Proceedings and the Restructuring Officer's mandate and tasks to date. These fees reflect the significant progress made in stabilizing PBFC's operations, addressing regulatory concerns, and positioning the Cooperative for long-term success.
72. The Restructuring Officer respectfully requests that this Honourable Court approve the Restructuring Officer's Fees and Costs, the Restructuring Officer's Counsel's Fees and Costs, and PBFC's Counsel's fees and costs as outlined in this First Report.

RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

73. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court approve:

- a) the actions, activities and conduct of the Restructuring Officer as set forth in this Report;
- b) the Amended By-Laws, Amended Member Policies and the Amended Board Policies;
- c) the engagement of MNP to act as the Cooperative's independent financial statement auditor for fiscal 2025;
- d) the Restructuring Officer's Fees and Costs, the Restructuring Officer's Counsel's Fees and Costs and PBFC's Counsel's Fees and Costs.

All of which is respectfully submitted this 8th day of September, 2025.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Court-appointed Restructuring Officer of
Picture Butte Feeder Cooperative
and not in its personal or corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX A



PBFC

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T1K 8G1

September 8, 2025

VIA EMAIL

Dear Picture Butte Feeder Cooperative Members

Re: Member Update: Operational update and upcoming Court hearing

Since our last update on June 12, 2025, Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Restructuring Officer**”) wishes to provide PBFC Members a further update now that PBFC is fully staffed and carries on the business of lending and processing applications for renewal and new memberships.

Operational Update

A&M is pleased to announce that the office is now fully staffed and well-prepared to manage the onset of fall run. The financial team is led by Beverly Nieboer, who recently joined in July, with support from Wendy and Therese, both of whom started in August. When you call the office, Wendy will likely be the first to assist you, but all three team members are available to help with loan processing or membership inquiries.

As part of our ongoing efforts to requalify members and loans, we are ensuring that all new loans, as well as existing and new members, meet the requirements of the FAGR and FAGA programs. This process includes reviewing additional information to enhance PBFC’s records and strengthen overall governance. In addition to the governance initiatives undertaken so far, substantial effort has been dedicated to enhancing reporting processes, including detailed loan payout information and monthly updates. To better assist members individual needs, we kindly ask that you inform us if you would like to receive a monthly statement, and we will ensure you are added to the distribution list.

Overages and loan fundings and settlements

Overages, loan fundings and settlements are being processed as close to normal as is possible when working under the restructuring order. The office has made great strides in improving the process and getting the appropriate releases and approvals required from the Restructuring Officer.

Restructuring Update

On June 24, 2025, the Court of King's Bench of Alberta (the "**Court**") approved the first phase ("**Phase I**") of the Restructuring Officers two-phase strategy to carry out its operational improvements and restructuring initiatives of PBFC. Phase I largely focused on matters to address (i) rescinding the Ministerial Order, (ii) seek an amendment to the Credit Agreement that would allow the Lenders to continue to extend credit to the PBFC Members; (iii) establish revised Member eligibility criteria in requalifying existing members, new members and new loans in accordance with FAGR and FAGA; (iv) hire a new supervisor and administrator; and (vi) reconcile and conduct a review of the PBFC books and records, and existing Member loans.

The second phase ("**Phase II**") consists of focusing on corporate governance matters, including:

1. the development of a comprehensive set of corporate governance policies, procedures and by-laws (collectively, the "**Policies**");
2. the implementation of the Policies, which PBFC anticipates will include running a fair and transparent election to appoint a new board of directors of PBFC at an appropriate future time; and
3. the transition of the governance structure to a newly elected PBFC board of directors, with oversight from the Restructuring Officer for an interim period.

With the Phase I milestones complete and with PBFC management in place, the Restructuring Officer has been able to initiate the Phase II governance items as laid out within the First Report.

Below is a summary of the Phase II initiatives completed thus far:

1. Engaging legal specialists from both Cassels and Torgys to aid in the review and updating of the Cooperatives board policies, member policies and by-laws; and
2. review and revise the existing by-laws and policies, in consultation with the Ministry and FAA, to ensure that certain governance arrangements were addressed as part of the agreement to lift the Ministerial Order;

Next Steps:

On September 17, 2025, the Restructuring Officer will be seeking approval from the Court to approved the revised policies and by-laws for PBFC and engaging a new, independent financial statement auditor, MNP LLP, for the August 31, 2025 fiscal year-end. In the months ahead, the Restructuring Officer will be finalizing several other governance and operational activities related to the following:

1. call for nominations for membership of the board of directors from Members and seek independent board members, review applications and ultimately select qualified candidates for Member voting, between October 1 and November 14, 2025;
2. arrange for a special meeting of Members to vote on a newly elected board of directors by mid to end November 2025, including electing the chairperson for the board;
3. train, transition and monitor the board of directors to ensure the board cohesiveness and effectiveness, over the next several months, while continuing to monitor the operations of PBFC;
4. assist PBFC in the negotiation of the expiring Amended Credit Agreement, such that is set to expire on November 30, 2025; and
5. seek the Restructuring Officer's discharge within the first quarter of 2026, or as soon as practically possible.

The above proposed timeline is an estimated timeline that may be subject to change based on matters that may be out of the control of the Restructuring Officer. The Restructuring Officer is focused on having an appropriate transition occur, but whilst making sure that PBFC is under appropriate corporate governance.

Reminder

The Restructuring Officer is monitoring email communications sent to PBFC. Please continue to direct any business inquiries to office@pbfccattle.com and notifications of any cattle movement and/or sale to supervisor@pbfccattle.com. All publicly available information relating to the restructuring proceedings, can be found on the Restructuring's Officer website at: www.alvarezandmarsal.com/picturebutte.

We appreciate your ongoing understanding and support throughout this period and, again, we look forward to sharing with you additional positive news this week.

Yours truly,

**Alvarez & Marsal Canada Inc.,
acting in its capacity as the court-appointed
Restructuring Officer**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX B

**GENERAL BY-LAW
AMENDED AND RESTATED BY-LAW NO. 1
A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF
PICTURE BUTTE FEEDER CO-OPERATIVE
(the “Cooperative”)**

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SECTION 1 INTERPRETATION

1.1 Definitions

In this By-law No. 1 and all other by-laws of the Cooperative, unless the context otherwise specifies or requires:

- (a) “**Act**” means the *Cooperatives Act*, S.A. 2001, c. C-28.1 as the same may be amended from time to time, and any successor legislation;
- (b) “**Administrator**” means an administrator appointed by the Cooperative who has been approved by the Provincial Supervisor pursuant to the Feeder Regulations;
- (c) “**Articles**” has the meaning given to such term in the Act;
- (d) “**Associate**” means, with respect to a Director or officer:
 - (i) a spouse (current or former), child, grandchild, parent, sibling, grandparent, adult interdependent partner (current or former), a spouse or adult interdependent partner of a child, or other relative of the Director or officer,
 - (ii) if the Director or officer is a joint Member, or a partner, joint venture party, member or shareholder in a partnership, joint venture, company or corporation which is a Member, the other joint Member, partners, joint venturers, members or shareholders, as the case may be, and
 - (iii) if the Director or officer owns or has an interest in a feedlot, the other Members whose livestock are being fed and cared for at such feedlot or are proposed to be fed and cared for at such feedlot;
- (e) “**Board**” means the board of directors of the Cooperative;
- (f) “**By-laws**” means this amended and restated By-law No. 1, as the same may be amended from time to time, and all other by-laws of the Cooperative as from time to time adopted;
- (g) “**Chair**” means the chair of the Board;
- (h) “**Cooperative**” means the Picture Butte Feeder Co-operative and its successors;
- (i) “**Deposit**” means a deposit as defined in a Member Agreement;
- (j) “**Director**” means a Member of the Cooperative’s Board;
- (k) “**Electronic Means**”, in respect of attending or holding a meeting, means a method of electronic or telephonic communication that enables all persons attending the meeting to hear and communicate with each other instantaneously, including, without limitation, teleconferencing and computer network-based or internet-based communication platforms;
- (l) “**Equity Loan**” means an equity loan as defined in a Member Agreement;
- (m) “**FAA**” means Feeder Associations of Alberta Limited, and its successors;

- (n) “**Feeder Act**” means the *Feeder Associations Guarantee Act*, S.A. 2009, c. F-11.1, as the same may be amended from time to time, and any successor legislation;
- (o) “**Feeder Regulations**” means the *Feeder Associations Guarantee Regulation* under the Feeder Act, as the same may be amended from time to time and any successor regulations;
- (p) “**Manual**” means the *Manual of Directives and Procedures for Feeder Associations in Alberta* (revised September 28, 2021), as the same may be amended from time to time and any successor manuals;
- (q) “**Meeting of Members**” includes an annual or other general meeting of Members and a special meeting of Members;
- (r) “**Member**” means a Member of the Cooperative;
- (s) “**Member Agreement**” shall mean any feeder association member agreement between the Cooperative and the Member in a form approved from time to time under the Feeder Regulations;
- (t) “**Member Interests**” shall mean any right of any Member in any obligation of the Cooperative to the Member, including the right of a Member to a Deposit or a Member’s rights under any Member Agreement;
- (u) “**Membership**” means the status, rights and obligations of a Member of the Cooperative;
- (v) “**Not in Good Standing**” means in default of any obligation to the Cooperative under a Member Agreement, a Promissory Note, these By-laws, or any other agreement between the Member and the Cooperative; or in contravention of the Feeder Act, the Feeder Regulations, the Manual or any order made under the Feeder Act of the Feeder Regulations;
- (w) “**Patronage Returns**” has the meaning given to such term in the Act;
- (x) “**Promissory Note**” means any promissory note granted by a Member to the Cooperative, including a promissory note granted pursuant to a Member Agreement, or the Feeder Regulations;
- (y) “**Provincial Supervisor**” means the Provincial Supervisor designated pursuant to the Feeder Regulations;
- (z) “**Recorded Address**” means the last address of a Member or Director as recorded in the records of the Cooperative;
- (aa) “**Regulations**” means the Regulations under the Act as published or from time to time amended and every regulation that may be substituted therefor and, in the case of such substitution, any references in these By-laws to provisions of the Regulations shall be read as references to the substituted provisions therefor in the new regulations;
- (bb) “**Supervisor**” means a local supervisor appointed by the Cooperative who has been approved by the Provincial Supervisor pursuant to the Feeder Regulations; and

(cc) “**Surplus Earnings**” means the surplus income of the Cooperative as determined by the Cooperative’s external accounting advisors or auditors using generally accepted accounting principles.

1.2 Interpretation

Save as aforesaid, all terms which are contained in the By-laws, and which are defined in the Act, the Regulations, the Feeder Act, the Feeder Regulations, and the Manual shall have the meanings given to such terms in the Act, the Regulations, the Feeder Act, the Feeder Regulations, and the Manual. Words importing the singular number include the plural and vice versa; words importing gender include all genders; and the word “person” shall include an individual, partnership, association, body corporate, corporation, company, cooperation, syndicate, trustee, executor, administrator, legal representative, self-governing body and any number or aggregate of persons.

1.3 Headings and Sections

The headings used throughout this By-law are inserted for convenience of reference only and are not to be used as an aid in the interpretation of this By-law. “Section” followed by a number means or refers to the specified section of this By-law.

1.4 Invalidity of any Provision of this By-Law

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

1.5 Conflict

In the case of any conflict between this By-law and a unanimous agreement among the Members of the Cooperative, whether such unanimous agreement exists at the coming into force of this By-law or not, such unanimous agreement among the Members of the Cooperative shall prevail.

1.6 Repeal and Replacement

This By-Law is the sole by-law of the Cooperative. By approving this By-law, the Board and Members acknowledge and agree that all prior by-laws of the Cooperative are hereby terminated, cancelled and of no further force or effect.

SECTION 2 GENERAL PROVISIONS RELATING TO THE OPERATION OF THE COOPERATIVE’S BUSINESS

2.1 Fiscal Year

The Fiscal Year of the Cooperative shall begin and end on such date as may be fixed by the Board.

2.2 Execution of Instruments and Bonding Requirements

(a) The Board is authorized from time to time to appoint any officer or officers of the Cooperative to sign and deliver documents and instruments for and on behalf of the Cooperative. In the absence of any such appointment by the Board, the Administrator or the Supervisor together with the Chair shall have the authority to sign and deliver documents or instruments in the name of the Cooperative. Documents and

instruments signed for and on behalf of the Cooperative may be executed originally and, where permitted pursuant to the terms of such document or instrument, by e-mail in PDF form or in electronic form through the use of electronic execution software, and all documents and instruments so executed will be deemed to be originals.

- (b) Subject to the requirements of the Act, the Regulation, the Feeder Act, the Feeder Regulations, the Manual and these By-laws, the banking business of the Cooperative, or any part thereof, shall be transacted with such bank or trust company or other financial institution that the Board may designate, appoint or authorize from time to time by resolution and all such banking business, or any part thereof, shall be transacted on the Cooperative's behalf by such two (2) or more Directors or officers as the Board may designate, direct, or authorize from time to time by resolution and to the extent therein provided.
- (c) All cheques shall be signed on behalf of the Cooperative by two (2) individuals:
 - (i) the Administrator; and
 - (ii) the Chair or such other Director or Directors as the Board may, from time to time, authorize by ordinary resolution.
- (d) The Administrator, the Supervisor, and every other person who has signing authority for the Cooperative shall, before exercising their authority with respect to the use of any proceeds of a loan guaranteed pursuant to the Feeder Act and the Feeder Regulations, be bonded for at least \$100,000 or such greater amount as may be required by the Board, the Feeder Act or the Feeder Regulations, or shall provide such other security as may be approved or requested by the Board or the Provincial Supervisor. Prior to such bonding being required, the Cooperative will pay all necessary fees and expenses associated with satisfying the aforementioned bonding and security requirements; provided however that, if it is later determined that the signing authority for which such bonding or security applied has been exercised in a manner that is contrary to the requirements of the Act, the Feeder Act or the Feeder Regulations, any Board Policy or the requirements of these By-laws, the authority of such signatory will be immediately revoked and such signatory will immediately reimburse the Cooperative for all fees and expenses incurred by the Cooperative in connection with its satisfaction of any bonding or security requirements. In the event that the amounts owing by the signatory are not immediately paid as required by this Section 2.2(d), all unpaid amounts will bear interest at a yearly rate of interest (calculated daily on the basis of a 365/366 day year) on all outstanding amounts equal to the ATB Financial prime rate of interest plus 5%.

2.3 Business to be Conducted by the Board

- (a) Subject to the provisions of the Act, the Regulations, the Manual, the Articles and these By-laws, the business of the Cooperative shall be directed and supervised by the Board, and the Board may exercise all the powers of the Cooperative that are not required to be exercised by the Cooperative in a general meeting.
- (b) The Board may, from time to time, at its sole discretion, on behalf of the Cooperative:
 - (i) borrow money on the credit of the Cooperative;
 - (ii) issue, re-issue, sell, or pledge debt obligations of the Cooperative, whether secured or unsecured;

- (iii) to the extent permitted by the Act, give a guarantee on behalf of the Cooperative to secure performance of an obligation of any person; and
- (iv) mortgage, hypothecate, pledge, or otherwise create a security interest in all or any property of the Cooperative, owned or subsequently acquired, to secure any obligation of the Cooperative.

Nothing in this Section 2.3 limits or restricts the borrowing of money by the Cooperative on bills of exchange or promissory notes, made, drawn, accepted, or endorsed by or on behalf of the Cooperative. The Board may from time to time delegate to a committee of the Board, a Director or an officer of the Cooperative, or any other person as may be designated by the Board all or any of the powers conferred herein on the Board or by the Act to such extent and in such manner as the Board may determine at the time of such delegation.

2.4 Information Available to the Members

Subject to the Act, the Regulations, and other legislation, no Member shall be entitled to any information respecting the Cooperative's business which, in the opinion of the Board, would be prejudicial to the interest of the Members or the Cooperative. The Board may, from time to time, determine the conditions on which the accounts, records, and documents of the Cooperative shall be open to inspection by Members, and no Member shall have the right to inspect any record or document except a permitted by the Act or authorized by the Board.

2.5 FAA Membership

The Cooperative shall, at all times, be a Member in good standing of the FAA.

2.6 Compliance with the Feeder Act, the Feeder Regulations and the Manual

The Cooperative, and each Member shall, at all times, comply with the Feeder Act, the Feeder Regulations, the Manual and any, order made pursuant to the Feeder Act and the Feeder Regulations.

SECTION 3 MEETINGS OF THE DIRECTORS

3.1 First Meeting of the New Board

Subject to Section 3.2, each newly elected Board may without notice hold its first meeting for the purposes of organization and the election and appointment of officers immediately following the Meeting of Members at which such Board was elected, provided a quorum of Directors is present.

3.2 Election of Directors / Appointment of Chair

- (a) Members of the Cooperative shall, by ordinary resolution at the first Meeting of Members and at each succeeding annual Meeting of Members at which an election of Directors is required, elect Directors to hold office for a term expiring not later than the close of the second annual Meeting of Members following the election. Such election of Directors shall be completed by way of vote for or against each individual nominated to serve as a Director and not by way of vote for or against a slate of Directors. At each annual Meeting of Members, all Directors whose term has expired shall retire but,

subject to Section 3.4, shall be eligible for re-election. Notwithstanding the foregoing, if the requisite number of Directors are not elected at a Meeting of Members at which the appointment of directors is being considered, the incumbent Directors shall continue in office until their successors are elected. The number of Directors to be elected at any such meeting shall be the number of Directors whose term of office has expired or then expires unless the Directors or the Members otherwise determine.

- (b) Notwithstanding Section 3.4(a)(vii), at each annual Meeting of Members at which an election of Directors is required, the Board shall use its reasonable commercial efforts to present to the Members for election as a Director at least one (1) Director nominee who is both an individual described in Section 3.4(a)(vii) and is “independent” of the Cooperative, as the term “independent” is defined under National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, *mutatis mutandis*, and who otherwise satisfies the requirements set forth in Section 3.4. Notwithstanding the foregoing, in the event the Board, after exercising such reasonable commercial efforts, is unable to identify such an independent Director nominee, the Board may, in place thereof, present to the Members for election as a Director nominee an individual who is not independent, provided such individual otherwise satisfies the requirements set forth in Section 3.4.
- (c) The Board, in its sole discretion, shall, by ordinary resolution, appoint or remove the Chair from time to time.

3.3 Quorum

Subject to the Act and the Regulations, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of the Directors. The quorum for the transaction of business at any committee of the Board shall consist of a majority of the number of committee Members.

3.4 Qualifications of Directors

- (a) In addition to the requirements of the Act, the Regulations, Section 3.5 and Section 3.6, no person shall be qualified to be a Director if that person:
 - (i) is not an individual;
 - (ii) is under eighteen (18) years of age;
 - (iii) is an individual who is a represented adult as defined in the *Adult Guardianship and Trusteeship Act* (Alberta), is subject to a certificate of incapacity under the *Public Trustee Act* (Alberta), is a formal patient as defined under the *Mental Health Act* (Alberta), or has been found to be a person of unsound mind by a court elsewhere than in Alberta;
 - (iv) has the status of bankrupt;
 - (v) does not have the capabilities, expertise, availability and knowledge required to fill their position adequately;
 - (vi) is an Administrator, a Supervisor, or a full-time employee of the Cooperative (that is not an officer of the Cooperative);

- (vii) subject to Section 3.2(b), is not a Member or joint Member of the Cooperative, or a shareholder, partner, or joint venture of a corporation, partnership, company, or joint venture which is a Member of the Cooperative (which Members are all included in the term "person" for the purposes of Section 3.4(a)(viii) and (ix) below);
 - (viii) at the date of that person's nomination for a Director, is in default under these By-laws, any Member Agreement with the Cooperative or any Promissory Notes granted to the Cooperative, or is otherwise Not in Good Standing;
 - (ix) is a person who, being a Director, remains in default under these By-laws, any Member Agreement or any Promissory Note granted to the Cooperative or is otherwise Not in Good Standing, after fourteen (14) days' notice has been given to that person to remedy the default by a person so authorized by the majority of the Board;
 - (x) is a person who has served as a Director for a period of three consecutive terms (as provided for in Section 3.2(a)) without at least one term thereafter having passed; and
 - (xi) is a person who is or was during the two years immediately prior to the record date of the Meeting of Members at which such person is to be considered for election to the Board, the subject (directly or indirectly) of an open investigation by any governmental or regulatory authority having jurisdiction (including the Minister (as such term is defined in the Act)) in respect of such person's (A) status as a Member, (B) conduct as a Member, (C) conduct as a director or officer of a cooperative incorporated under the Act, corporation, or other legal entity, or (D) financial or tax reporting obligations.
- (b) Notwithstanding Section 3.4(a)(vi), a Director may be an officer of the Cooperative and, in that capacity, may accept remuneration authorized pursuant to the terms of these By-laws.

3.5 Removal of Directors

- (a) Subject to the Act, the Regulations, the Articles and these By-laws, the Board or the Members may remove any Director and declare that Director's office vacant by ordinary resolution if the Director:
- (i) remains in default under a Member Agreement or is otherwise Not in Good Standing, after fourteen (14) days' notice has been given to that Director to remedy the default, or the act or omission which resulted in the Director being Not in Good Standing, by a person so authorized by the majority of the Board;
 - (ii) fails to attend three (3) consecutive meetings of the Board of which the Director has been duly notified, unless the Director's absence has been explained to the satisfaction of the Board;
 - (iii) is convicted of an offense involving imprisonment without the option of a fine;
 - (iv) has been established to the satisfaction of the Board to be guilty of disloyalty to the Cooperative; or

- (v) has been established to the satisfaction of the Board to be no longer qualified, including in connection with the application of Section 3.9(a).

3.6 Ceasing to Hold Office/Filling Vacancies

A Director ceases to hold office when that Director dies, resigns, is removed from office in accordance with Section 3.5, 3.9(d), or 3.15(e), or becomes disqualified from continuing as a Director under the Act. If a Director's office becomes vacant in any of the foregoing circumstances the vacancy may be filled in accordance with the Act.

3.7 Meetings by Electronic Means

A Director may participate in a meeting of the Board or of a committee of Directors by Electronic Means, and a Director participating in a meeting by these means shall be deemed to be present at the meeting and shall be included in the quorum. A meeting shall be deemed to take place when a quorum of Directors participates in a conference by Electronic Means, notice of which was given to all Directors in accordance with Section 3.9, notwithstanding that no two of the Directors participating in such conference are present in the same room.

3.8 Resolution in Lieu of Meeting

A resolution in writing, signed in one or more counterparts, by all of the Directors entitled to vote on that resolution at a meeting of Directors or committee of Directors is as valid as if it had been passed at a meeting of Directors or committee of Directors and shall be effective as of the date stated in such resolution to be the effective date thereof. Resolutions in writing may be executed originally and, where permitted pursuant to the terms of applicable law, including the Act and Regulations, by e-mail in PDF form or in electronic form through the use of electronic software, and all resolutions so executed will be deemed to be originals.

3.9 Meetings/Notice of Meetings

- (a) The Board shall conduct regular meetings not less than once every three (3) months and shall meet at least four (4) times in each year. The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such regular meeting.
- (b) Notice of the time and place of other meetings of the Board shall be given to each Director not less than forty-eight (48) hours before the time and place when the meeting is to be held, save that no notice of a meeting shall be necessary if all the Directors are present or if those absent waive notice of such meeting. Notice of a meeting of the Board may be given in writing or via e-mail. A notice of a meeting of the Board need not specify the purpose of or the business to be transacted at the meeting except where the Act or the Regulations requires such purpose or business to be specified.
- (c) All Board decisions must be properly and clearly reflected in the meeting minutes. Meeting minutes for any meeting of the Board are not allowed to be revised, altered or edited without Board approval and a written explanation as to the necessary revisions, alterations or edits.

- (d) Directors are expected to attend every regularly scheduled Board meeting. A Director with more than two (2) consecutive absences for regularly scheduled Board meetings will be asked to justify their absences. Directors with more than three (3) consecutive unexcused absences shall resign or be removed from their position as a Director in accordance with Section 3.5 and the vacancy created thereby shall be filled in accordance with the Act.

3.10 Time and Place of Meetings

Meetings of the Board shall be held at the head office or registered office of the Cooperative or partially or entirely by Electronic Means or, with the consent of the majority of the Board at any other place within or outside of Alberta. Attendance by a Director at any meeting of the Board shall constitute such Director's consent to the place of holding such meeting. A person attending a meeting of the Board by Electronic Means is deemed to be present in person at that meeting.

3.11 Meeting of New Board

Each Board may without notice hold a meeting immediately following an annual Meeting of Members or a Meeting of Members at which Directors to such Board are elected.

3.12 Adjourned Meeting

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.13 Chair

The chair of any meeting of the Board shall be the Chair if there is one, or in the absence the Chair, then the vice-chair. If both are absent, the Directors present shall choose one of their number to be Chair.

3.14 Voting/Validity of Acts

- (a) Unless a greater number is required by the Act, the Regulations or the Articles, all meetings of the Board, every question shall be decided by a majority of the votes cast on the question.
- (b) The Chair may vote on any question, but having done so, the Chair does not have a second or casting vote.
- (c) If there is no majority in favour of a motion, the motion is lost.
- (d) The act of a majority of the voting Directors present at a meeting in which quorum is present will be the act of the Board, unless the act of a greater number is required by law, the Act, the Regulations, or by these By-Laws.
- (e) All acts done by any meeting of the Board, or by any person acting as Director, or by resolution will be valid and subsisting, notwithstanding that it may subsequently be discovered that there was some defect in the appointment of any Director or person acting as a Director, or that they or any of them were not qualified to be Directors.
- (f) Irregularities in the notice of any meeting or the accidental omission to give notice to or the non-receipt of any notice by any Director will not invalidate any resolution passed or any of the proceedings taken at any meeting of the Board.

3.15 Conflicts of Interest

- (a) In addition to complying with all provisions of the Act and all requirements set out in any Board policy, all Directors and officers of the Cooperative must disclose to the Cooperative the nature and extent of any actual, possible or perceived interest that the Director or officer has, or may have, in a contract or transaction, or a proposed contractor transaction, with the Cooperative or in any change or possible change in any such interest.
- (b) For greater certainty but without limiting the generality of matters that must be disclosed, this Section 3.15 requires disclosure by a Director or officer of:
 - (i) a Member Agreement entered into between the Cooperative and the Director or officer;
 - (ii) a Member Agreement entered into between the Cooperative and any Associate of the Director or officer,
 - (iii) an agreement by a Director or officer to buy or receive (pursuant to a livestock supply form or otherwise) livestock from the Cooperative;
 - (iv) an agreement by an Associate of the Director or officer to buy or receive (pursuant to a livestock supply form or otherwise) livestock from the Cooperative;
 - (v) any loan applied for or received from the Cooperative by the Director or officer;
 - (vi) any loan applied for or received from the Cooperative by an Associate of the Director or officer;
 - (vii) any other contract or transaction that is available to and customarily entered into between the Cooperative and its Members.
- (c) In addition to complying with all provisions of the Act and all requirements set out in any Board policy, an officer or a Director may not vote in respect of any matters contemplated by Section 3.15(b) for which such Director or officer was required to provide disclosure.
- (d) Notwithstanding anything else in this Section 3.15 the disclosure by a Director or officer of the matters required hereby will not, in and of itself, obligate the Director or officer to account for any profit realized from the contract or transaction.
- (e) If, in the good faith opinion of a majority of the Board, a positive vote in respect of a matter referred to in this Section 3.15 would compromise the ability of the Director or officer to satisfy the qualification criteria required of a Director or officer, respectively, of the Cooperative, the Board, by a majority vote, may in conjunction with its approval of a matter referred to in this Section 3.15 require the resignation of such Director or officer as a condition of granting the requested approval.
- (f) Unless the same is approved by the Board, no Director or officer may take any actions, including the execution or delivery of any documents or instruments, on behalf of the Cooperative, with respect to any matter for which a voting abstention under Section 3.15(c) is required.

3.16 Confidentiality

In accordance with the Act and any Board policies, Directors and officers shall treat in the strictest confidence all confidential information received in their capacity as Directors or officers and shall not divulge it to any third party whatsoever unless it is with the consent of the Directors or as required by law.

3.17 Board Policies

The Directors may make policies binding on the Directors, officers and any employees or contractors of the Cooperative with regard to any matter not inconsistent with the Act, the Regulations, the Manual, these By-Laws, the Feeder Act, and the Feeder Regulations, and specifically, includes the following:

- (a) a code of conduct policy;
- (b) a conflict of interest policy;
- (c) a confidentiality policy; and
- (d) a compliance policy,

On an annual basis each Director, officer, employee and contractor shall be required to sign or re-sign a copy of all Board policies to demonstrate their commitment to the principles and practices that are described within such Board policies. Board policies shall be reviewed by the Board no less than once every fiscal year or as otherwise specified or determined necessary by the Board.

3.18 Remuneration and Expenses

- (a) The Directors shall not be paid any remuneration for their services.
- (b) The Directors shall be entitled to be reimbursed for mileage, accommodation, and meals properly incurred by them in attending meetings of the Board or any committee thereof on such basis as may be determined by the Board.

3.19 Financial Statements/Reports

- (a) The Board shall submit or cause to be submitted to every annual Meeting of the Members financial statements as are prescribed by the Act and the Regulations, shall be subject to such standards as may be directed by the Provincial Supervisor, and a report as to the affairs of the Cooperative and the business carried on by the Cooperative.
- (b) The Board will maintain all financial records of the Cooperative for a minimum period of seven (7) years, or for a greater period of time, as necessary or specified under the Board policies or under the Act. Any physical records will be stored in a safe, dry, and secure manner. Any electronic records will be stored in a password protected system.

3.20 Annual Fees

The Directors may set, and vary, fees and levies for the Membership, including annual Membership fees, supervision fees, administration fees, and insurance levies.

SECTION 4 COMMITTEES, OFFICERS, AND STAFF

4.1 Committees of Directors

The Board may from time to time appoint committees of Directors from its number and shall prescribe the committee's duties and authority.

4.2 Committee Procedure

Unless otherwise determined by the Board, each committee shall have the power to fix its quorum at not less than a majority of its Members, to elect its chair and to regulate its procedure.

4.3 Transaction of Business of a Committee

The powers of a committee of Directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the Members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place and in any manner convenient to the Members of such committee and shall be held at the call of the chair, or in the absence of the chair, or by any other two (2) committee Members.

4.4 Advisory Committees

In addition to functioning committees, the Board may, from time to time, appoint such advisory committees as it deems appropriate provided that the functions of such committees shall be limited to advisory only.

4.5 Appointment

After the first general Meeting of Members, and subsequently, immediately after each annual Meeting of Members, the Board shall meet and appoint:

- (i) from their own number, a Chair, who shall be chair of the Board, an *ex officio* member of all committees, and who shall preside at all Meetings of Members;
- (ii) from their own number, a vice-chair, who shall assume the Chair's duties if the Chair is not present; and
- (iii) such other officers as the Board deems necessary.

4.6 Officers' Powers and Duties

The powers and duties of the officers of the Cooperative shall be such as the terms of their engagement call for as prescribed by the Board. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs. Notwithstanding any delegation of powers, the officer who has delegated such powers will remain responsible for any acts by the officer's assistant in respect of the same.

4.7 Administrator and Supervisor

The Board shall appoint, and ensure that the Cooperative has at all times, at least one Supervisor and at least one Administrator in accordance with the Feeder Regulations. The Supervisor and the Administrator shall perform the duties required under the Feeder Act

and the Feeder Regulations as well as such additional duties as may be designated from time to time by the Board.

4.8 Variations of Powers and Duties

The Board may, subject to the Act, the Regulations, the Feeder Act, the Feeder Regulations, the Manual, and the By-laws, vary, add to, or limit the powers and duties of any committee, officer, or employee of the Cooperative.

4.9 Term of Office

The Board, in its sole discretion, may appoint or remove any officer of the Cooperative for such term as it determines appropriate.

SECTION 5 DUTY OF CARE AND PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

5.1 Duty of Care of Directors and Officers

Subject to the Act and the Regulations, Directors and officers of the Cooperative, in exercising their powers and discharging their duties, shall

- (i) act honestly and in good faith with a view to the best interests of the Cooperative;
- (ii) comply with any Board policies adopted by the Board; and
- (iii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5.2 Insurance

The Cooperative may purchase and maintain such insurance for the benefit of any individual referred to in Section 5.3 as the Board may from time to time determine.

5.3 Indemnity

Subject to the limitations contained in the Act and the Regulations, the Cooperative shall indemnify an individual who is or was a Director or officer of the Cooperative or who at the Cooperative's request acts or acted as a Director or officer of the Cooperative, as a Director or officer of another entity, or as an individual in a similar capacity for the Cooperative or other entity against all costs, charges and expenses, including an amount paid to settle an action or satisfy a claim reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved by reason of the individual's association with the Cooperative or entity, if the individual:

- (i) acted honestly and in good faith with a view to the best interests of the Cooperative, or as the case may be, to the best interests of the entity for which the individual acted as director or officer or in a similar capacity at the Cooperative's request; and
- (ii) in the case of a criminal or administrative proceeding, had reasonable grounds for believing that the individual's conduct was lawful.

5.4 Limitation of Liability

- (a) Every Director and officer of the Cooperative in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Cooperative and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the Act, the Regulations and all other applicable laws, when acting for and on behalf of the Cooperative in his or her capacity as a Director or officer of the Cooperative (and solely in that capacity), no Director or officer shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Cooperative through the insufficiency or deficiency of title to any property acquired for or on behalf of the Cooperative, or for the insufficiency or deficiency of any security in or upon which any of the money of the Cooperative shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the money, securities or effects of the Cooperative shall be deposited, or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his or her office or in relation thereto, unless the same are occasioned by his or her own gross negligence, wilful misconduct or fraud; provided however that, nothing herein shall relieve any director or officer from the duty to act in accordance with this By-law, the Act and the Regulations and all other applicable laws or from liability for any breach this By-law, the Act, the Regulations or other applicable laws. For greater certainty, this Section 5 will not apply to any Director or officer acting in his or her capacity as a Member or in respect of any matter relating to that position, including in respect of liability arising under his or her Membership Agreement.
- (b) No act or proceeding of any Director or officer or the Board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the qualification of such Director or officer or Board.
- (c) Provided they have acted in good faith, Directors may rely upon the accuracy of any statement, report or information prepared by the Cooperative's auditors, internal accountants, officers, experts, responsible officials or other professionals and shall not be responsible or held liable for any loss or damage resulting from the paying of any dividends or Patronage Returns in reliance thereon or otherwise acting upon such statement, report or information.

SECTION 6 SHARES, MEMBERSHIPS, AND TRANSFERS

6.1 Qualifications for Membership

Subject to the Articles and these By-laws:

- (i) an individual or individuals may only be a Member or a joint Member of the Cooperative if the individual(s) qualifies for Membership under the Feeder Regulations; and
- (ii) a corporation, partnership, company or joint venture may only be a Member of the Cooperative if they qualify for Membership under the Feeder Regulations.

6.2 Application for Membership

A person who qualifies for Membership in the Cooperative may apply for Membership by submitting to the Board, or to the person authorized by the Board to approve Membership applications:

- (i) a signed Member Agreement, in such form as the Board may stipulate from time to time;
- (ii) a signed Membership information form;
- (iii) a Membership fee in such amount as may be set by the Board, from time to time; and
- (iv) such other documents or information as may be required by the Board.

6.3 Refusal of Membership Applications

All applications for Membership in the Cooperative shall be subject to the approval of the Board. The Board, in its sole discretion, may refuse any application for Membership. If the Board refuses application for Membership, the amount tendered for the Membership fees shall be promptly returned to the applicant.

6.4 Right to Vote

Each Member (including persons holding a joint Membership) shall have only one (1) vote at any Meeting of Members.

6.5 Joint Membership, Partnerships, and Corporations

- (a) Two or more persons may jointly hold a Membership. A joint Membership exists whenever two or more persons indicate that they wish to hold a single Membership in the Cooperative other than as partners or joint venturers. Where a Membership is held jointly, the Membership shall be held in joint tenancy unless the joint holders all sign a statement which indicates to the Cooperative that the Membership is to be held as tenants in common. Notwithstanding whether the Membership of such joint Members is held in joint tenancy or by the joint Members as tenants in common, joint Members are jointly and severally liable for all assessments, levies, fees, payments, and other charges and debts imposed or payable to the Cooperative.
- (b) Memberships may be held by corporations, companies partnerships and joint ventures. The shareholders or members of corporate or company Members may be required to sign personal guarantees in favour of the Cooperative as a condition of Membership. The partners and joint venturers of partnerships and joint ventures which are Members shall be jointly and severally liable for all assessments, levies, fees, payments, and other charges and debts imposed or payable to the Cooperative.

6.6 Transfer and Transmission of Shares

- (a) Memberships and Member Interests may not be transferred without the approval of the Board and may not be transmitted except as permitted in Section 6.6(b).
- (b) The personal representative of a deceased holder of Memberships and Member Interests is entitled to become a Member of the Member Interests with the approval of

the Board if the personal representative deposits with the Cooperative, together with any reasonable assurances that the Cooperative may require:

- (i) any certificates or documents reasonably required by the Cooperative to prove that the deceased Member held the Member Interests;
 - (ii) a death certificate or substantially similar form of documentation proving the death of the holder of the Member Interests; and
 - (iii) a grant of probate, grant of administration and such other documents as may be reasonably required by the Cooperative proving that the executor of the estate, the personal representative or such similarly authorized representative has the right under the laws of the Province of Alberta and the law of the place in which the deceased Member was domiciled immediately before death to deal with the Member Interests.
- (c) Deposit of the documents required by Section 6.6(b) empowers the Board to approve the transfer, assignment or transmission of the Membership and Member person that the executor, personal representative or other authorized representative may designate and to treat the transferee interests from the deceased Member to the executor, personal representative or other authorized representative or to any as the owner of the Member Interests.

6.7 Rights and Duties of Members

- (a) Members shall have the right to request that the Cooperative provide livestock to the Member for growing and finishing and Equity Loans pursuant to the provisions of the Member Agreement, the Feeder Act, the Feeder Regulations, and the Manual. The Cooperative shall not, however, be obliged to provide such livestock or Equity Loans, and the Cooperative, and its Board, Supervisor and Administrator may, in their sole discretion, refuse to do so.
- (b) Members shall faithfully support and promote the business and the objectives of the Cooperative and shall be bound by and comply with these By-laws, the Articles, the Feeder Act, the Feeder Regulations, the Manual, the Member Agreement, every obligation referred to in the Member Agreement, the governance policies implemented by the Cooperative from time to time, and every other agreement between the Member and the Cooperative.
- (c) Members shall pay to the Cooperative such fees and levies as may be approved by the Board for payment of administration costs, livestock supervision expenses, insurance costs, and any other costs or expenses incurred by the Cooperative.

6.8 Withdrawal of Members

- (a) A Member may withdraw from the Cooperative by giving a minimum of 3 months' notice in writing of the intention to withdraw. The Board, in its sole discretion, may accept any application for withdrawal upon shorter notice.
- (b) A withdrawing Member must satisfy all of their obligations to the Cooperative, including any obligations under these By-laws, the Feeder Regulations, any Promissory Notes granted by the Member to the Cooperative, and under any Member Agreements or other agreements entered into between the Cooperative and the Member. The Board's

acceptance of an application for withdrawal shall not constitute a release or waiver of any of the Member's said obligations to the Cooperative.

- (c) The Cooperative's obligation to return the balance of any Deposit shall be subject to the provisions of the Member Agreement, the Feeder Act, the Feeder Regulations, and the Manual notwithstanding a Member's withdrawal.
- (d) Subject to s. 37 of the Act, a Cooperative shall not be obliged to repay any of the Deposit, outstanding loans, or to satisfy other obligations due by the Cooperative to a withdrawing Member until the Member's obligations to the Cooperative have been paid in full and, in any event, until all requirements described in the Member Agreement and the Feeder Regulations with respect to Deposits have been complied with.

6.9 Termination of Membership

- (a) The Board shall have the right, by special resolution, to terminate the Membership of any Member if, in the opinion of the Board:
 - (i) the Member remains Not in Good Standing, after fourteen (14) days' notice has been given to the Member to remedy the default which resulted in the Member being Not in Good Standing;
 - (ii) the Member is petitioned or makes an assignment into bankruptcy, a receiver is appointed with respect to the Member or the Member's property, or a seizure or extra-judicial seizure is effected with respect to the Member's property which affects the Member's ability to carry on business;
 - (iii) the Member is convicted of an offense involving imprisonment without the option of a fine;
 - (iv) the Member is a represented adult as defined in the *Adult Guardianship and Trusteeship Act* (Alberta), is subject to a certificate of incapacity under the *Public Trustee Act* (Alberta), is a formal patient as defined under the *Mental Health Act* (Alberta), or has been found to be a person of unsound mind by a court elsewhere than in Alberta; or
 - (v) there is any other just cause which in the opinion of the Board warrants termination of Membership.
- (b) Within seven (7) days after the date on which the resolution to terminate the Membership of a Member is passed by the Board, the Cooperative shall, in the same manner as that provided for the giving of notice of a Meeting of Members, notify the person whose Membership was terminated.
- (c) A person whose Membership is terminated for cause or by resolution of the Board may appeal the decision to the next Meeting of Members.
- (d) At the next Meeting of Members, the Members may, by majority vote, affirm or overturn the termination. The outcome shall be final and binding on the Member.
- (e) Termination of Membership shall not release or constitute a waiver of any of the Member's obligations to the Cooperative, including any of the Member's obligations under these By-laws, the Feeder Act, the Feeder Regulations, any Promissory Notes

granted by the Member to the Cooperative, or under the Member Agreement or other agreements entered into between the Cooperative and the Member.

SECTION 7 SURPLUS EARNINGS

7.1 Disposition of Surplus Earnings

Disposition of any Surplus Earnings remaining in the hands of the Cooperative at the end of a fiscal year shall be dealt with:

- (i) by setting aside such reserves as the Board considers necessary; and
- (ii) if any amounts remain available for the same, by crediting or paying to Members in the form of Patronage Return, the balance, or the proportion of the balance determined by the Board and at such rate(s) as determined by the Board, computed in relation to the value of the livestock supplied to each of the Members and the amount of the security deposit (as defined by the Regulations) held for each of the Members from either the date Patronage Returns were last paid to Members, or such period as otherwise approved by the Board.

SECTION 8 MEETINGS OF MEMBERS

8.1 Annual Meetings

- (a) The Board shall call any organizational Meeting of Members within 180 days after the Cooperative comes into existence.
- (b) The Board shall call the first annual Meeting of Members not later than eighteen (18) months after the Cooperative comes into existence. Subsequent annual Meetings of Members must be held not later than the earlier of fifteen (15) months after the holding of the preceding annual Meeting of Members and six (6) months after the end of the preceding fiscal year.

8.2 Special Meetings

- (a) The Board may at any time call a special Meeting of Members.
- (b) Ten percent (10%) of the Members may by written requisition require the Board to call a Meeting of Members for the purposes stated in the requisition.

8.3 Place of Meetings

Subject to Section 8.11, meetings of Members shall be held at the business office of the Cooperative or elsewhere in Alberta as the Board may determine.

8.4 Chair, Secretary, and Scrutineers

- (a) The chair of any Meeting of Members shall be one of the following individuals who is present at the meeting: the Board Chair, or the Board vice-chair if the Chair is absent, or some other person elected by the Members at the meeting if both the Chair and the Board vice-chair are absent.

- (b) The chair of the Meeting of Members shall appoint a person to act as secretary of the meeting.
- (c) The chair of the Meeting of Members may appoint scrutineers under appropriate circumstances, for the purpose of ascertaining and declaring the results of any ballot taken.

8.5 Persons Entitled to be Present

The only persons who are entitled to be present at a Meeting of Members are the Members, Directors and officers of the Cooperative, and the auditor, if any. Others may only be admitted upon invitation of the chair of the Meeting of Members or with the consent of the Members present at the meeting.

8.6 Quorum

A quorum for the transaction of business at any Meeting of Members shall be a minimum of either ten percent (10%) of the Members who have Deposits which are being held by the Cooperative, or twenty (20) Members, (whichever is less) present and entitled to vote at the meeting.

8.7 Order of Business

So far as applicable to a Meeting of Members of the Cooperative, the order of business will be as follows:

- (a) calling of a meeting to order by the chair of the Meeting of Members;
- (b) approval of minutes of the preceding meeting;
- (c) business arising out of the minutes;
- (d) report of the officers and Directors and committee reports (if any);
- (e) where the meeting is an annual meeting: (i) consideration of financial statements, (ii) report of the auditor, (iii) nomination and election of Directors, and (iv) nomination and appointment of the auditor;
- (f) where the meeting is not an annual meeting, the matters to be voted on at the Meeting of Members will be considered in such order as the Board determines to be most appropriate;
- (g) new business;
- (h) adjournment; and
- (i) at any meeting the Members may, subject to the Act and the Regulations, amend the agenda, add items to it, or delete items from it in accordance with normal rules of practice for the conduct of business and meetings, and in accordance with the direction of the chair of the Meeting of Members.

8.8 Votes to Govern

At any Meeting of Members every question shall, unless otherwise required by the Act, the Regulations, the Articles, the By-laws, or unanimous agreement, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a

show of hands or upon a ballot, no person shall be entitled to a second or casting vote in addition to their original vote and the motion shall be lost.

8.9 Show of Hands

Subject to the Act, the Articles, the Regulations and these By-laws, any question at a Meeting of Members shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is required or demanded, a declaration by the chair of the Meeting of Members that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the Meeting of Members shall be *prima facie* evidence of the fact without proof of the number of votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Members upon the said question.

8.10 Ballots

On any question proposed for consideration at a Meeting of Members, a Member, or other person entitled to vote may demand and the chair of the Meeting of Members may require that a ballot be taken either before or upon the declaration of the result of any vote by show of hands. If a ballot is demanded on the election of a chair of the Meeting of Members or on the question of adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such a manner as the chair of the Meeting of Members shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of the ballot so taken shall be the decision of the Members upon the question.

8.11 Participation in Meeting of Members by Electronic Means

To the extent permitted by applicable law, a Member or any other person entitled to attend a Meeting of Members shall be entitled to participate in any Meeting of Members by Electronic Means and a person participating in such a meeting by those means is deemed to be present at the meeting. Any notice of meeting delivered in connection with a Meeting of Members shall include all such details as may be required in order for Members to attend and vote by Electronic Means.

8.12 Resolution in Lieu of Meeting

A resolution in writing, signed in one or more counterparts, by all of the Members entitled to vote on that resolution at a meeting of Members is as valid as if it had been passed at a meeting of Members and shall be effective as of the date stated in such resolution to be the effective date thereof. Resolutions in writing may be executed originally and, where permitted pursuant to the terms of applicable law, including the Act and Regulations, by e-mail in PDF form or in electronic form through the use of electronic execution software, and all resolutions so executed will be deemed to be originals.

SECTION 9 NOTICES

9.1 Method of Giving Notices

Except as may otherwise be provided herein, any notice required under the Act or the By-laws shall be sufficiently given if delivered personally to the person to whom it is to be

given or to that person's last address as recorded in the records of the Cooperative; if mailed, by pre-paid, ordinary mail; or, if the person has a recorded e-mail address on the records of the Cooperative, by means of e-mail to such address. A notice so delivered by hand or electronically shall be deemed to be given when it is delivered or transmitted as the case may be. A notice given by mail shall be deemed to be received on the third business day following mailing.

9.2 Undelivered Notices

If any notice given pursuant to this section is returned, the Cooperative shall not be required to give any further notices until the person to whom it is directed informs the Cooperative in writing of their new address or e-mail as the case may be.

9.3 Waiver of Notice

Any Member, delegate, Director, officer, auditor or member of a committee, may at any time, waive any notice, or waive or abridge the time any notice is required to be given.

SECTION 10 AMENDMENT TO THE BY-LAWS

10.1 Amendment by the Members

These By-laws may be amended, repealed or replaced in whole or in part by ordinary resolution of the Members at any meeting duly constituted for that purpose.

10.2 Amendment by the Board

Notwithstanding Section 10.1, the Directors may by ordinary resolution make or amend a By-law, provided such By-law or amendment is not contrary to a By-law made and approved by the Members and provided further that the By-law or amendment as the case may be will be presented to the Members at the next Meeting of Members for confirmation or amendment, failing which the By-law or amendment as the case may be will be deemed to be repealed as of the date of the Meeting of Members at which it was not confirmed.

10.3 Omissions and Errors

The accidental omission to give any notice to any Member, Director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

10.4 Effective Date

This By-law shall come into force effective as of the ____ day of _____, 2025.

10.5 Transitional Provision

All officers and persons validly appointed and acting prior to the coming into force of this By-law shall continue to act as if appointed under the provisions of this By-law and all resolutions the Board which have not been amended or repealed prior to the coming into force of this By-law shall continue good and valid except to the extent inconsistent with the Act or this By-law and until such resolutions are amended or repealed.

APPENDIX C

GENERAL BY-LAW
AMENDED AND RESTATED BY-LAW NO. 1
A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF
PICTURE BUTTE FEEDER CO-OPERATIVE
(the “Cooperative”)

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SECTION 1 INTERPRETATION

1.1 Definitions

In this By-law No. 1 and all other by-laws of the Cooperative, unless the context otherwise specifies or requires:

- (a) “**Act**” means the *Cooperatives Act*, S.A. 2001, c. C-28.1 as the same may be amended from time to time, and any successor legislation;
- (b) “**Administrator**” means an administrator appointed by the Cooperative who has been approved by the Provincial Supervisor pursuant to the Feeder Regulations;
- (c) “**Articles**” has the meaning given to such term in the Act;
- (d) “**Associate**” means, with respect to a Director or officer:
 - (i) a spouse (current or former), child, grandchild, parent, sibling, grandparent, adult interdependent partner (current or former), a spouse or adult interdependent partner of a child, or other relative of the Director or officer,
 - (ii) if the Director or officer is a joint Member, or a partner, joint venture party, member or shareholder in a partnership, joint venture, company or corporation which is a Member, the other joint Member, partners, joint venturers, members or shareholders, as the case may be, and
 - (iii) if the Director or officer owns or has an interest in a feedlot, the other Members whose livestock are being fed and cared for at such feedlot or are proposed to be fed and cared for at such feedlot;
- (e) “**Board**” means the board of directors of the Cooperative;
- (f) “**By-laws**” means this amended and restated By-law No. 1, as the same may be amended from time to time, and all other by-laws of the Cooperative as from time to time adopted;
- (g) “**Chair**” means the chair of the Board;
- (h) “**Cooperative**” means the Picture Butte Feeder Co-operative and its successors;
- (i) “**Deposit**” means a deposit as defined in a Member Agreement;
- (j) “**Director**” means a Member of the Cooperative’s Board;
- (k) “**Electronic Means**”, in respect of attending or holding a meeting, means a method of electronic or telephonic communication that enables all persons attending the meeting to hear and communicate with each other instantaneously, including, without limitation, teleconferencing and computer network-based or internet-based communication platforms;
- (l) “**Equity Loan**” means an equity loan as defined in a Member Agreement;
- (m) “**FAA**” means Feeder Associations of Alberta Limited, and its successors;

- (n) “**Feeder Act**” means the *Feeder Associations Guarantee Act*, S.A. 2009, c. F-11.1, as the same may be amended from time to time, and any successor legislation;
- (o) “**Feeder Regulations**” means the *Feeder Associations Guarantee Regulation* under the Feeder Act, as the same may be amended from time to time and any successor regulations;
- (p) “**Manual**” means the *Manual of Directives and Procedures for Feeder Associations in Alberta* (revised September 28, 2021), as the same may be amended from time to time and any successor manuals;
- (q) “**Meeting of Members**” includes an annual or other general meeting of Members and a special meeting of Members;
- (r) “**Member**” means a Member of the Cooperative;
- (s) “**Member Agreement**” shall mean any feeder association member agreement between the Cooperative and the Member in a form approved from time to time under the Feeder Regulations;
- (t) “**Member Interests**” shall mean any right of any Member in any obligation of the Cooperative to the Member, including the right of a Member to a Deposit or a Member’s rights under any Member Agreement;
- (u) “**Membership**” means the status, rights and obligations of a Member of the Cooperative;
- (v) “**Not in Good Standing**” means in default of any obligation to the Cooperative under a Member Agreement, a Promissory Note, these By-laws, or any other agreement between the Member and the Cooperative; or in contravention of the Feeder Act, the Feeder Regulations, the Manual or any order made under the Feeder Act of the Feeder Regulations;
- (w) “**Patronage Returns**” has the meaning given to such term in the Act;
- (x) “**Promissory Note**” means any promissory note granted by a Member to the Cooperative, including a promissory note granted pursuant to a Member Agreement, or the Feeder Regulations;
- (y) “**Provincial Supervisor**” means the Provincial Supervisor designated pursuant to the Feeder Regulations;
- (z) “**Recorded Address**” means the last address of a Member or Director as recorded in the records of the Cooperative;
- (aa) “**Regulations**” means the Regulations under the Act as published or from time to time amended and every regulation that may be substituted therefor and, in the case of such substitution, any references in these By-laws to provisions of the Regulations shall be read as references to the substituted provisions therefor in the new regulations;
- (bb) “**Supervisor**” means a local supervisor appointed by the Cooperative who has been approved by the Provincial Supervisor pursuant to the Feeder Regulations; and

(cc) **"Surplus Earnings"** means the surplus income of the Cooperative as determined by the Cooperative's external accounting advisors or auditors using generally accepted accounting principles.

1.2 Interpretation

Save as aforesaid, all terms which are contained in the By-laws, and which are defined in the Act, the Regulations, the Feeder Act, the Feeder Regulations, and the Manual shall have the meanings given to such terms in the Act, the Regulations, the Feeder Act, the Feeder Regulations, and the Manual. Words importing the singular number include the plural and vice versa; words importing gender include all genders; and the word "person" shall include an individual, partnership, association, body corporate, corporation, company, cooperation, syndicate, trustee, executor, administrator, legal representative, self-governing body and any number or aggregate of persons.

1.3 Headings and Sections

The headings used throughout this By-law are inserted for convenience of reference only and are not to be used as an aid in the interpretation of this By-law. "Section" followed by a number means or refers to the specified section of this By-law.

1.4 Invalidity of any Provision of this By-Law

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

1.5 Conflict

In the case of any conflict between this By-law and a unanimous agreement among the Members of the Cooperative, whether such unanimous agreement exists at the coming into force of this By-law or not, such unanimous agreement among the Members of the Cooperative shall prevail.

1.6 Repeal and Replacement

This By-Law is the sole by-law of the Cooperative. By approving this By-law, the Board and Members acknowledge and agree that all prior by-laws of the Cooperative are hereby terminated, cancelled and of no further force or effect.

SECTION 2 GENERAL PROVISIONS RELATING TO THE OPERATION OF THE COOPERATIVE'S BUSINESS

2.1 Fiscal Year

The Fiscal Year of the Cooperative shall begin and end on such date as may be fixed by the Board.

2.2 Execution of Instruments and Bonding Requirements

(a) The Board is authorized from time to time to appoint any officer or officers of the Cooperative to sign and deliver documents and instruments for and on behalf of the Cooperative. In the absence of any such appointment by the Board, the Administrator or the Supervisor together with the Chair shall have the authority to sign and deliver documents or instruments in the name of the Cooperative.

Documents and instruments signed for and on behalf of the Cooperative may be executed originally and, where permitted pursuant to the terms of such document or instrument, by e-mail in PDF form or in electronic form through the use of electronic execution software, and all documents and instruments so executed will be deemed to be originals.

- (b) Subject to the requirements of the Act, the Regulation, the Feeder Act, the Feeder Regulations, the Manual and these By-laws, the banking business of the Cooperative, or any part thereof, shall be transacted with such bank or trust company or other financial institution that the Board may designate, appoint or authorize from time to time by resolution and all such banking business, or any part thereof, shall be transacted on the Cooperative's behalf by such two (2) or more Directors or officers as the Board may designate, direct, or authorize from time to time by resolution and to the extent therein provided.
- (c) All cheques shall be signed on behalf of the Cooperative by two (2) individuals:
 - (i) the Administrator; and
 - (ii) the Chair or such other Director or Directors as the Board may, from time to time, authorize by ordinary resolution.
- (d) The Administrator, the Supervisor, and every other person who has signing authority for the Cooperative shall, before exercising their authority with respect to the use of any proceeds of a loan guaranteed pursuant to the Feeder Act and the Feeder Regulations, be bonded for at least \$100,000 or such greater amount as may be required by the Board, the Feeder Act or the Feeder Regulations, or shall provide such other security as may be approved or requested by the Board or the Provincial Supervisor. Prior to such bonding being required, the Cooperative will pay all necessary fees and expenses associated with satisfying the aforementioned bonding and security requirements; provided however that, if it is later determined that the signing authority for which such bonding or security applied has been exercised in a manner that is contrary to the requirements of the Act, the Feeder Act or the Feeder Regulations, any Board Policy or the requirements of these By-laws, the authority of such signatory will be immediately revoked and such signatory will immediately reimburse the Cooperative for all fees and expenses incurred by the Cooperative in connection with its satisfaction of any bonding or security requirements. In the event that the amounts owing by the signatory are not immediately paid as required by this Section 2.2(d), all unpaid amounts will bear interest at a yearly rate of interest (calculated daily on the basis of a 365/366 day year) on all outstanding amounts equal to the ATB Financial prime rate of interest plus 5%.

2.3 Business to be Conducted by the Board

- (a) Subject to the provisions of the Act, the Regulations, the Manual, the Articles and these By-laws, the business of the Cooperative shall be directed and supervised by the Board, and the Board may exercise all the powers of the Cooperative that are not required to be exercised by the Cooperative in a general meeting.
- (b) The Board may, from time to time, at its sole discretion, on behalf of the Cooperative:

- (i) borrow money on the credit of the Cooperative;
- (ii) issue, re-issue, sell, or pledge debt obligations of the Cooperative, whether secured or unsecured;
- (iii) to the extent permitted by the Act, give a guarantee on behalf of the Cooperative to secure performance of an obligation of any person; and
- (iv) mortgage, hypothecate, pledge, or otherwise create a security interest in all or any property of the Cooperative, owned or subsequently acquired, to secure any obligation of the Cooperative.

Nothing in this Section 2.3 limits or restricts the borrowing of money by the Cooperative on bills of exchange or promissory notes, made, drawn, accepted, or endorsed by or on behalf of the Cooperative. The Board may from time to time delegate to a committee of the Board, a Director or an officer of the Cooperative, or any other person as may be designated by the Board all or any of the powers conferred herein on the Board or by the Act to such extent and in such manner as the Board may determine at the time of such delegation.

2.4 Information Available to the Members

Subject to the Act, the Regulations, and other legislation, no Member shall be entitled to any information respecting the Cooperative's business which, in the opinion of the Board, would be prejudicial to the interest of the Members or the Cooperative. The Board may, from time to time, determine the conditions on which the accounts, records, and documents of the Cooperative shall be open to inspection by Members, and no Member shall have the right to inspect any record or document except as permitted by the Act or authorized by the Board.

2.5 FAA Membership

The Cooperative shall, at all times, be a Member in good standing of the FAA.

2.6 Compliance with the Feeder Act, the Feeder Regulations and the Manual

The Cooperative, and each Member shall, at all times, comply with the Feeder Act, the Feeder Regulations, the Manual and any, order made pursuant to the Feeder Act and the Feeder Regulations.

SECTION 3 MEETINGS OF THE DIRECTORS

3.1 First Meeting of the New Board

Subject to Section 3.2, each newly elected Board may without notice hold its first meeting for the purposes of organization and the election and appointment of officers immediately following the Meeting of Members at which such Board was elected, provided a quorum of Directors is present.

3.2 Election of Directors / Appointment of Chair

- (a) Members of the Cooperative shall, by ordinary resolution at the first Meeting of Members and at each succeeding annual Meeting of Members at which an election of Directors is required, elect Directors to hold office for a term expiring not later

than the close of the second annual Meeting of Members following the election. Such election of Directors shall be completed by way of vote for or against each individual nominated to serve as a Director and not by way of vote for or against a slate of Directors. At each annual Meeting of Members, all Directors whose term has expired shall retire but, ~~if-qualified~~subject to Section 3.4, shall be eligible for re-election. Notwithstanding the foregoing, if the requisite number of Directors are not elected at a Meeting of Members at which the appointment of directors is being considered, the incumbent Directors shall continue in office until their successors are elected. The number of Directors to be elected at any such meeting shall be the number of Directors whose term of office has expired or then expires unless the Directors or the Members otherwise determine.

- (b) Notwithstanding Section 3.4(a)(vii), at each annual Meeting of Members at which an election of Directors is required, the Board shall use its reasonable commercial efforts to present to the Members for election as a Director at least one (1) Director nominee who is both an individual described in Section 3.4(a)(vii) and is “independent” of the Cooperative, as the term “independent” is defined under National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, *mutatis mutandis*, and who otherwise satisfies the requirements set forth in Section 3.4. Notwithstanding the foregoing, in the event the Board, after exercising such reasonable commercial efforts, is unable to identify such an independent Director nominee, the Board may, in place thereof, present to the Members for election as a Director nominee an individual who is not independent, provided such individual otherwise satisfies the requirements set forth in Section 3.4.
- (c) The Board, in its sole discretion, shall, by ordinary resolution, appoint or remove the Chair from time to time.

3.3 Quorum

Subject to the Act and the Regulations, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of the Directors. The quorum for the transaction of business at any committee of the Board shall consist of a majority of the number of committee Members.

3.4 Qualifications of Directors

- (a) In addition to the requirements of the Act, the Regulations, Section 3.5 and Section 3.6, no person shall be qualified to be a Director if that person:
 - (i) is not an individual;
 - (ii) is under eighteen (18) years of age;
 - (iii) is an individual who is a represented adult as defined in the *Adult Guardianship and Trusteeship Act* (Alberta), is subject to a certificate of incapacity under the *Public Trustee Act* (Alberta), is a formal patient as defined under the *Mental Health Act* (Alberta), or has been found to be a person of unsound mind by a court elsewhere than in Alberta;
 - (iv) has the status of bankrupt;

- (v) does not have the capabilities, expertise, availability and knowledge required to fill their position adequately;
 - (vi) is an Administrator, a Supervisor, or a full-time employee of the Cooperative (that is not an officer of the Cooperative);
 - (vii) subject to Section 3.2(b), is not a Member or joint Member of the Cooperative, or a shareholder, partner, or joint venture of a corporation, partnership, company, or joint venture which is a Member of the Cooperative (which Members are all included in the term "person" for the purposes of Section 3.4(a)(viii) and (ix) below);
 - (viii) at the date of that person's nomination for a Director, is in default under these By-laws, any Member Agreement with the Cooperative or any Promissory Notes granted to the Cooperative, or is otherwise Not in Good Standing;
 - (ix) is a person who, being a Director, remains in default under these By-laws, any Member Agreement or any Promissory Note granted to the Cooperative or is otherwise Not in Good Standing, after fourteen (14) days' notice has been given to that person to remedy the default by a person so authorized by the majority of the Board;
 - (x) is a person who has served as a Director for a period of three consecutive terms (as provided for in Section 3.2(a)) without at least one term thereafter having passed; and
 - (xi) is a person who is or was during the two years immediately prior to the record date of the Meeting of Members at which such person is to be considered for election to the Board, the subject (directly or indirectly) of an open investigation by any governmental or regulatory authority having jurisdiction (including the Minister (as such term is defined in the Act)) in respect of such person's (A) status as a Member, (B) conduct as a Member, (C) conduct as a director or officer of a cooperative incorporated under the Act, corporation, or other legal entity, or (D) financial or tax reporting obligations.
- (b) Notwithstanding Section 3.4(a)(vi), a Director may be an officer of the Cooperative and, in that capacity, may accept remuneration authorized pursuant to the terms of these By-laws.

3.5 Removal of Directors

- (a) Subject to the Act, the Regulations, the Articles and these By-laws, the Board or the Members may remove any Director and declare that Director's office vacant by ordinary resolution if the Director:
- (i) remains in default under a Member Agreement or is otherwise Not in Good Standing, after fourteen (14) days' notice has been given to that Director to remedy the default, or the act or omission which resulted in the Director being Not in Good Standing, by a person so authorized by the majority of the Board;

- (ii) fails to attend three (3) consecutive meetings of the Board of which the Director has been duly notified, unless the Director's absence has been explained to the satisfaction of the Board;
- (iii) is convicted of an offense involving imprisonment without the option of a fine;
- (iv) has been established to the satisfaction of the Board to be guilty of disloyalty to the Cooperative; or
- (v) has been established to the satisfaction of the Board to be no longer qualified, including in connection with the application of Section 3.9(a).

3.6 Ceasing to Hold Office/Filling Vacancies

A Director ceases to hold office when that Director dies, resigns, is removed from office in accordance with Section 3.5, 3.9(d), or 3.15(e), or becomes disqualified from continuing as a Director under the Act. If a Director's office becomes vacant in any of the foregoing circumstances the vacancy may be filled in accordance with the Act.

3.7 Meetings by Electronic Means

A Director may participate in a meeting of the Board or of a committee of Directors by Electronic Means, and a Director participating in a meeting by these means shall be deemed to be present at the meeting and shall be included in the quorum. A meeting shall be deemed to take place when a quorum of Directors participates in a conference by Electronic Means, notice of which was given to all Directors in accordance with Section 3.9, notwithstanding that no two of the Directors participating in such conference are present in the same room.

3.8 Resolution in Lieu of Meeting

A resolution in writing, signed in one or more counterparts, by all of the Directors entitled to vote on that resolution at a meeting of Directors or committee of Directors is as valid as if it had been passed at a meeting of Directors or committee of Directors and shall be effective as of the date stated in such resolution to be the effective date thereof. Resolutions in writing may be executed originally and, where permitted pursuant to the terms of applicable law, including the Act and Regulations, by e-mail in PDF form or in electronic form through the use of electronic software, and all resolutions so executed will be deemed to be originals.

3.9 Meetings/Notice of Meetings

- (a) The Board shall conduct regular meetings not less than once every three (3) months and shall meet at least four (4) times in each year. The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such regular meeting.
- (b) Notice of the time and place of other meetings of the Board shall be given to each Director not less than forty-eight (48) hours before the time and place when the meeting is to be held, save that no notice of a meeting shall be necessary if all the Directors are present or if those absent waive notice of such meeting. Notice of a meeting of the Board may be given in writing or via e-mail. A notice of a meeting of

the Board need not specify the purpose of or the business to be transacted at the meeting except where the Act or the Regulations requires such purpose or business to be specified.

- (c) All Board decisions must be properly and clearly reflected in the meeting minutes. Meeting minutes for any meeting of the Board are not allowed to be revised, altered or edited without Board approval and a written explanation as to the necessary revisions, alterations or edits.
- (d) Directors are expected to attend every regularly scheduled Board meeting. A Director with more than two (2) consecutive absences for regularly scheduled Board meetings will be asked to justify their absences. Directors with more than three (3) consecutive unexcused absences shall resign or be removed from their position as a Director in accordance with Section 3.5 and the vacancy created thereby shall be filled in accordance with the Act.

3.10 Time and Place of Meetings

Meetings of the Board shall be held at the head office or registered office of the Cooperative or partially or entirely by Electronic Means or, with the consent of the majority of the Board at any other place within or outside of Alberta. Attendance by a Director at any meeting of the Board shall constitute such Director's consent to the place of holding such meeting. A person attending a meeting of the Board by Electronic Means is deemed to be present in person at that meeting.

3.11 Meeting of New Board

Each Board may without notice hold a meeting immediately following an annual Meeting of Members or a Meeting of Members at which Directors to such Board are elected.

3.12 Adjourned Meeting

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.13 Chair

The chair of any meeting of the Board shall be the Chair if there is one, or in the absence the Chair, then the vice-chair. If both are absent, the Directors present shall choose one of their number to be Chair.

3.14 Voting/Validity of Acts

- (a) Unless a greater number is required by the Act, the Regulations or the Articles, all meetings of the Board, every question shall be decided by a majority of the votes cast on the question.
- (b) The Chair may vote on any question, but having done so, the Chair does not have a second or casting vote.
- (c) If there is no majority in favour of a motion, the motion is lost.
- (d) The act of a majority of the voting Directors present at a meeting in which quorum is present will be the act of the Board, unless the act of a greater number is required by law, the Act, the Regulations, or by these By-Laws.

- (e) All acts done by any meeting of the Board, or by any person acting as Director, or by resolution will be valid and subsisting, notwithstanding that it may subsequently be discovered that there was some defect in the appointment of any Director or person acting as a Director, or that they or any of them were not qualified to be Directors.
- (f) Irregularities in the notice of any meeting or the accidental omission to give notice to or the non-receipt of any notice by any Director will not invalidate any resolution passed or any of the proceedings taken at any meeting of the Board.

3.15 Conflicts of Interest

- (a) In addition to complying with all provisions of the Act and all requirements set out in any Board policy, all Directors and officers of the Cooperative must disclose to the Cooperative the nature and extent of any actual, possible or perceived interest that the Director or officer has, or may have, in a contract or transaction, or a proposed contractor transaction, with the Cooperative or in any change or possible change in any such interest.
- (b) For greater certainty but without limiting the generality of matters that must be disclosed, this Section 3.15 requires disclosure by a Director or officer of:
 - (i) a Member Agreement entered into between the Cooperative and the Director or officer;
 - (ii) a Member Agreement entered into between the Cooperative and any Associate of the Director or officer,
 - (iii) an agreement by a Director or officer to buy or receive (pursuant to a livestock supply form or otherwise) livestock from the Cooperative;
 - (iv) an agreement by an Associate of the Director or officer to buy or receive (pursuant to a livestock supply form or otherwise) livestock from the Cooperative;
 - (v) any loan applied for or received from the Cooperative by the Director or officer;
 - (vi) any loan applied for or received from the Cooperative by an Associate of the Director or officer;
 - (vii) any other contract or transaction that is available to and customarily entered into between the Cooperative and its Members.
- (c) In addition to complying with all provisions of the Act and all requirements set out in any Board policy, an officer or a Director may not vote in respect of any matters contemplated by Section 3.15(b) for which such Director or officer was required to provide disclosure.
- (d) Notwithstanding anything else in this Section 3.15 the disclosure by a Director or officer of the matters required hereby will not, in and of itself, obligate the Director or officer to account for any profit realized from the contract or transaction.
- (e) If, in the good faith opinion of a majority of the Board, a positive vote in respect of a matter referred to in this Section 3.15 would compromise the ability of the Director or officer to satisfy the qualification criteria required of a Director or officer,

respectively, of the Cooperative, the Board, by a majority vote, may in conjunction with its approval of a matter referred to in this Section 3.15 require the resignation of such Director or officer as a condition of granting the requested approval.

- (f) Unless the same is approved by the Board, no Director or officer may take any actions, including the execution or delivery of any documents or instruments, on behalf of the Cooperative, with respect to any matter for which a voting abstention under Section 3.15(c) is required.

3.16 Confidentiality

In accordance with the Act and any Board policies, Directors and officers shall treat in the strictest confidence all confidential information received in their capacity as Directors or officers and shall not divulge it to any third party whatsoever unless it is with the consent of the Directors or as required by law.

3.17 Board Policies

The Directors may make policies binding on the Directors, officers and any employees or contractors of the Cooperative with regard to any matter not inconsistent with the Act, the Regulations, the Manual, these By-Laws, the Feeder Act, and the Feeder Regulations, and specifically, includes the following:

- (a) a code of conduct policy;
- (b) a conflict of interest policy;
- (c) a confidentiality policy; and
- (d) a compliance policy,

On an annual basis each Director, officer, employee and contractor shall be required to sign or re-sign a copy of all Board policies to demonstrate their commitment to the principles and practices that are described within such Board policies. Board policies shall be reviewed by the Board no less than once every fiscal year or as otherwise specified or determined necessary by the Board.

3.18 Remuneration and Expenses

- (a) The Directors shall not be paid any remuneration for their services.
- (b) The Directors shall be entitled to be reimbursed for mileage, accommodation, and meals properly incurred by them in attending meetings of the Board or any committee thereof on such basis as may be determined by the Board.

3.19 Financial Statements/Reports

- (a) The Board shall submit or cause to be submitted to every annual Meeting of the Members financial statements as are prescribed by the Act and the Regulations, shall be subject to such standards as may be directed by the Provincial Supervisor, and a report as to the affairs of the Cooperative and the business carried on by the Cooperative.
- (b) The Board will maintain all financial records of the Cooperative for a minimum period of seven (7) years, or for a greater period of time, as necessary or specified under the Board policies or under the Act. Any physical records will be stored in a safe,

dry, and secure manner. Any electronic records will be stored in a password protected system.

3.20 Annual Fees

The Directors may set, and vary, fees and levies for the Membership, including annual Membership fees, supervision fees, administration fees, and insurance levies.

SECTION 4 COMMITTEES, OFFICERS, AND STAFF

4.1 Committees of Directors

The Board may from time to time appoint committees of Directors from its number and shall prescribe the committee's duties and authority.

4.2 Committee Procedure

Unless otherwise determined by the Board, each committee shall have the power to fix its quorum at not less than a majority of its Members, to elect its chair and to regulate its procedure.

4.3 Transaction of Business of a Committee

The powers of a committee of Directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the Members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place and in any manner convenient to the Members of such committee and shall be held at the call of the chair, or in the absence of the chair, or by any other two (2) committee Members.

4.4 Advisory Committees

In addition to functioning committees, the Board may, from time to time, appoint such advisory committees as it deems appropriate provided that the functions of such committees shall be limited to advisory only.

4.5 Appointment

After the first general Meeting of Members, and subsequently, immediately after each annual Meeting of Members, the Board shall meet and appoint:

- (i) from their own number, a Chair, who shall be chair of the Board, an *ex officio* member of all committees, and who shall preside at all Meetings of Members;
- (ii) from their own number, a vice-chair, who shall assume the Chair's duties if the Chair is not present; and
- (iii) such other officers as the Board deems necessary.

4.6 Officers' Powers and Duties

The powers and duties of the officers of the Cooperative shall be such as the terms of their engagement call for as prescribed by the Board. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by

such assistant, unless the Board otherwise directs. Notwithstanding any delegation of powers, the officer who has delegated such powers will remain responsible for any acts by the officer's assistant in respect of the same.

4.7 Administrator and Supervisor

The Board shall appoint, and ensure that the Cooperative has at all times, at least one Supervisor and at least one Administrator in accordance with the Feeder Regulations. The Supervisor and the Administrator shall perform the duties required under the Feeder Act and the Feeder Regulations as well as such additional duties as may be designated from time to time by the Board.

4.8 Variations of Powers and Duties

The Board may, subject to the Act, the Regulations, the Feeder Act, the Feeder Regulations, the Manual, and the By-laws, vary, add to, or limit the powers and duties of any committee, officer, or employee of the Cooperative.

4.9 Term of Office

The Board, in its sole discretion, may appoint or remove any officer of the Cooperative for such term as it determines appropriate.

SECTION 5

DUTY OF CARE AND PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

5.1 Duty of Care of Directors and Officers

Subject to the Act and the Regulations, Directors and officers of the Cooperative, in exercising their powers and discharging their duties, shall

- (i) act honestly and in good faith with a view to the best interests of the Cooperative;
- (ii) comply with any Board policies adopted by the Board; and
- (iii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5.2 Insurance

The Cooperative may purchase and maintain such insurance for the benefit of any individual referred to in Section 5.3 as the Board may from time to time determine.

5.3 Indemnity

Subject to the limitations contained in the Act and the Regulations, the Cooperative shall indemnify an individual who is or was a Director or officer of the Cooperative or who at the Cooperative's request acts or acted as a Director or officer of the Cooperative, as a Director or officer of another entity, or as an individual in a similar capacity for the Cooperative or other entity against all costs, charges and expenses, including an amount paid to settle an action or satisfy a claim reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved by reason of the individual's association with the Cooperative or entity, if the individual:

- (i) acted honestly and in good faith with a view to the best interests of the Cooperative, or as the case may be, to the best interests of the entity for which the individual acted as director or officer or in a similar capacity at the Cooperative's request; and
- (ii) in the case of a criminal or administrative proceeding, had reasonable grounds for believing that the individual's conduct was lawful.

5.4 Limitation of Liability

- (a) Every Director and officer of the Cooperative in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Cooperative and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the Act, the Regulations and all other applicable laws, when acting for and on behalf of the Cooperative in his or her capacity as a Director or officer of the Cooperative (and solely in that capacity), no Director or officer shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Cooperative through the insufficiency or deficiency of title to any property acquired for or on behalf of the Cooperative, or for the insufficiency or deficiency of any security in or upon which any of the money of the Cooperative shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the money, securities or effects of the Cooperative shall be deposited, or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his or her office or in relation thereto, unless the same are occasioned by his or her own gross negligence, wilful misconduct or fraud; provided however that, nothing herein shall relieve any director or officer from the duty to act in accordance with this By-law, the Act and the Regulations and all other applicable laws or from liability for any breach this By-law, the Act, the Regulations or other applicable laws. For greater certainty, this Section 5 will not apply to any Director or officer acting in his or her capacity as a Member or in respect of any matter relating to that position, including in respect of liability arising under his or her Membership Agreement.
- (b) No act or proceeding of any Director or officer or the Board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the qualification of such Director or officer or Board.
- (c) Provided they have acted in good faith, Directors may rely upon the accuracy of any statement, report or information prepared by the Cooperative's auditors, internal accountants, officers, experts, responsible officials or other professionals and shall not be responsible or held liable for any loss or damage resulting from the paying of any dividends or Patronage Returns in reliance thereon or otherwise acting upon such statement, report or information.

SECTION 6 SHARES, MEMBERSHIPS, AND TRANSFERS

6.1 Qualifications for Membership

Subject to the Articles and these By-laws:

- (i) an individual or individuals may only be a Member or a joint Member of the Cooperative if the individual(s) qualifies for Membership under the Feeder Regulations; and
- (ii) a corporation, partnership, company or joint venture may only be a Member of the Cooperative if they qualify for Membership under the Feeder Regulations.

6.2 Application for Membership

A person who qualifies for Membership in the Cooperative may apply for Membership by submitting to the Board, or to the person authorized by the Board to approve Membership applications:

- (i) a signed Member Agreement, in such form as the Board may stipulate from time to time;
- (ii) a signed Membership information form;
- (iii) a Membership fee in such amount as may be set by the Board, from time to time; and
- (iv) such other documents or information as may be required by the Board.

6.3 Refusal of Membership Applications

All applications for Membership in the Cooperative shall be subject to the approval of the Board. The Board, in its sole discretion, may refuse any application for Membership. If the Board refuses application for Membership, the amount tendered for the Membership fees shall be promptly returned to the applicant.

6.4 Right to Vote

Each Member (including persons holding a joint Membership) shall have only one (1) vote at any Meeting of Members.

6.5 Joint Membership, Partnerships, and Corporations

- (a) Two or more persons may jointly hold a Membership. A joint Membership exists whenever two or more persons indicate that they wish to hold a single Membership in the Cooperative other than as partners or joint venturers. Where a Membership is held jointly, the Membership shall be held in joint tenancy unless the joint holders all sign a statement which indicates to the Cooperative that the Membership is to be held as tenants in common. Notwithstanding whether the Membership of such joint Members is held in joint tenancy or by the joint Members as tenants in common, joint Members are jointly and severally liable for all assessments, levies, fees, payments, and other charges and debts imposed or payable to the Cooperative.
- (b) Memberships may be held by corporations, companies partnerships and joint ventures. The shareholders or members of corporate or company Members may be required to sign personal guarantees in favour of the Cooperative as a condition of Membership. The partners and joint venturers of partnerships and joint ventures which are Members shall be jointly and severally liable for all assessments, levies,

fees, payments, and other charges and debts imposed or payable to the Cooperative.

6.6 Transfer and Transmission of Shares

- (a) Memberships and Member Interests may not be transferred without the approval of the Board and may not be transmitted except as permitted in Section 6.6(b).
- (b) The personal representative of a deceased holder of Memberships and Member Interests is entitled to become a Member of the Member Interests with the approval of the Board if the personal representative deposits with the Cooperative, together with any reasonable assurances that the Cooperative may require:
 - (i) any certificates or documents reasonably required by the Cooperative to prove that the deceased Member held the Member Interests;
 - (ii) a death certificate or substantially similar form of documentation proving the death of the holder of the Member Interests; and
 - (iii) a grant of probate, grant of administration and such other documents as may be reasonably required by the Cooperative proving that the executor of the estate, the personal representative or such similarly authorized representative has the right under the laws of the Province of Alberta and the law of the place in which the deceased Member was domiciled immediately before death to deal with the Member Interests.
- (c) Deposit of the documents required by Section 6.6(b) empowers the Board to approve the transfer, assignment or transmission of the Membership and Member person that the executor, personal representative or other authorized representative may designate and to treat the transferee interests from the deceased Member to the executor, personal representative or other authorized representative or to any as the owner of the Member Interests.

6.7 Rights and Duties of Members

- (a) Members shall have the right to request that the Cooperative provide livestock to the Member for growing and finishing and Equity Loans pursuant to the provisions of the Member Agreement, the Feeder Act, the Feeder Regulations, and the Manual. The Cooperative shall not, however, be obliged to provide such livestock or Equity Loans, and the Cooperative, and its Board, Supervisor and Administrator may, in their sole discretion, refuse to do so.
- (b) Members shall faithfully support and promote the business and the objectives of the Cooperative and shall be bound by and comply with these By-laws, the Articles, the Feeder Act, the Feeder Regulations, the Manual, the Member Agreement, every obligation referred to in the Member Agreement, the governance policies implemented by the Cooperative from time to time, and every other agreement between the Member and the Cooperative.
- (c) Members shall pay to the Cooperative such fees and levies as may be approved by the Board for payment of administration costs, livestock supervision expenses, insurance costs, and any other costs or expenses incurred by the Cooperative.

6.8 Withdrawal of Members

- (a) A Member may withdraw from the Cooperative by giving a minimum of 3 months' notice in writing of the intention to withdraw. The Board, in its sole discretion, may accept any application for withdrawal upon shorter notice.
- (b) A withdrawing Member must satisfy all of their obligations to the Cooperative, including any obligations under these By-laws, the Feeder Regulations, any Promissory Notes granted by the Member to the Cooperative, and under any Member Agreements or other agreements entered into between the Cooperative and the Member. The Board's acceptance of an application for withdrawal shall not constitute a release or waiver of any of the Member's said obligations to the Cooperative.
- (c) The Cooperative's obligation to return the balance of any Deposit shall be subject to the provisions of the Member Agreement, the Feeder Act, the Feeder Regulations, and the Manual notwithstanding a Member's withdrawal.
- (d) Subject to s. 37 of the Act, a Cooperative shall not be obliged to repay any of the Deposit, outstanding loans, or to satisfy other obligations due by the Cooperative to a withdrawing Member until the Member's obligations to the Cooperative have been paid in full and, in any event, until all requirements described in the Member Agreement and the Feeder Regulations with respect to Deposits have been complied with.

6.9 Termination of Membership

- (a) The Board shall have the right, by special resolution, to terminate the Membership of any Member if, in the opinion of the Board:
 - (i) the Member remains Not in Good Standing, after fourteen (14) days' notice has been given to the Member to remedy the default which resulted in the Member being Not in Good Standing;
 - (ii) the Member is petitioned or makes an assignment into bankruptcy, a receiver is appointed with respect to the Member or the Member's property, or a seizure or extra-judicial seizure is effected with respect to the Member's property which affects the Member's ability to carry on business;
 - (iii) the Member is convicted of an offense involving imprisonment without the option of a fine;
 - (iv) the Member is a represented adult as defined in the *Adult Guardianship and Trusteeship Act* (Alberta), is subject to a certificate of incapacity under the *Public Trustee Act* (Alberta), is a formal patient as defined under the *Mental Health Act* (Alberta), or has been found to be a person of unsound mind by a court elsewhere than in Alberta; or
 - (v) there is any other just cause which in the opinion of the Board warrants termination of Membership.
- (b) Within seven (7) days after the date on which the resolution to terminate the Membership of a Member is passed by the Board, the Cooperative shall, in the

same manner as that provided for the giving of notice of a Meeting of Members, notify the person whose Membership was terminated.

- (c) A person whose Membership is terminated for cause or by resolution of the Board may appeal the decision to the next Meeting of Members.
- (d) At the next Meeting of Members, the Members may, by majority vote, affirm or overturn the termination. The outcome shall be final and binding on the Member.
- (e) Termination of Membership shall not release or constitute a waiver of any of the Member's obligations to the Cooperative, including any of the Member's obligations under these By-laws, the Feeder Act, the Feeder Regulations, any Promissory Notes granted by the Member to the Cooperative, or under the Member Agreement or other agreements entered into between the Cooperative and the Member.

SECTION 7 SURPLUS EARNINGS

7.1 Disposition of Surplus Earnings

Disposition of any Surplus Earnings remaining in the hands of the Cooperative at the end of a fiscal year shall be dealt with:

- (i) by setting aside such reserves as the Board considers necessary; and
- (ii) if any amounts remain available for the same, by crediting or paying to Members in the form of Patronage Return, the balance, or the proportion of the balance determined by the Board and at such rate(s) as determined by the Board, computed in relation to the value of the livestock supplied to each of the Members and the amount of the security deposit (as defined by the Regulations) held for each of the Members from either the date Patronage Returns were last paid to Members, or such period as otherwise approved by the Board.

SECTION 8 MEETINGS OF MEMBERS

8.1 Annual Meetings

- (a) The Board shall call any organizational Meeting of Members within 180 days after the Cooperative comes into existence.
- (b) The Board shall call the first annual Meeting of Members not later than eighteen (18) months after the Cooperative comes into existence. Subsequent annual Meetings of Members must be held not later than the earlier of fifteen (15) months after the holding of the preceding annual Meeting of Members and six (6) months after the end of the preceding fiscal year.

8.2 Special Meetings

- (a) The Board may at any time call a special Meeting of Members.
- (b) Ten percent (10%) of the Members may by written requisition require the Board to call a Meeting of Members for the purposes stated in the requisition.

8.3 Place of Meetings

Subject to Section 8.11, meetings of Members shall be held at the business office of the Cooperative or elsewhere in Alberta as the Board may determine.

8.4 Chair, Secretary, and Scrutineers

- (a) The chair of any Meeting of Members shall be one of the following individuals who is present at the meeting: the Board Chair, or the Board vice-chair if the Chair is absent, or some other person elected by the Members at the meeting if both the Chair and the Board vice-chair are absent.
- (b) The chair of the Meeting of Members shall appoint a person to act as secretary of the meeting.
- (c) The chair of the Meeting of Members may appoint scrutineers under appropriate circumstances, for the purpose of ascertaining and declaring the results of any ballot taken.

8.5 Persons Entitled to be Present

The only persons who are entitled to be present at a Meeting of Members are the Members, Directors and officers of the Cooperative, and the auditor, if any. Others may only be admitted upon invitation of the chair of the Meeting of Members or with the consent of the Members present at the meeting.

8.6 Quorum

A quorum for the transaction of business at any Meeting of Members shall be a minimum of either ten percent (10%) of the Members who have Deposits which are being held by the Cooperative, or twenty (20) Members, (whichever is less) present and entitled to vote at the meeting.

8.7 Order of Business

So far as applicable to a Meeting of Members of the Cooperative, the order of business will be as follows:

- (a) calling of a meeting to order by the chair of the Meeting of Members;
- (b) approval of minutes of the preceding meeting;
- (c) business arising out of the minutes;
- (d) report of the officers and Directors and committee reports (if any);
- (e) where the meeting is an annual meeting: (i) consideration of financial statements, (ii) report of the auditor, (iii) nomination and election of Directors, and (iv) nomination and appointment of the auditor;
- (f) where the meeting is not an annual meeting, the matters to be voted on at the Meeting of Members will be considered in such order as the Board determines to be most appropriate;
- (g) new business;

(h) adjournment; and

(i) at any meeting the Members may, subject to the Act and the Regulations, amend the agenda, add items to it, or delete items from it in accordance with normal rules of practice for the conduct of business and meetings, and in accordance with the direction of the chair of the Meeting of Members.

8.8 Votes to Govern

At any Meeting of Members every question shall, unless otherwise required by the Act, the Regulations, the Articles, the By-laws, or unanimous agreement, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, no person shall be entitled to a second or casting vote in addition to their original vote and the motion shall be lost.

8.9 Show of Hands

Subject to the Act, the Articles, the Regulations and these By-laws, any question at a Meeting of Members shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is required or demanded, a declaration by the chair of the Meeting of Members that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the Meeting of Members shall be *prima facie* evidence of the fact without proof of the number of votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Members upon the said question.

8.10 Ballots

On any question proposed for consideration at a Meeting of Members, a Member, or other person entitled to vote may demand and the chair of the Meeting of Members may require that a ballot be taken either before or upon the declaration of the result of any vote by show of hands. If a ballot is demanded on the election of a chair of the Meeting of Members or on the question of adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such a manner as the chair of the Meeting of Members shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of the ballot so taken shall be the decision of the Members upon the question.

8.11 Participation in Meeting of Members by Electronic Means

To the extent permitted by applicable law, a Member or any other person entitled to attend a Meeting of Members shall be entitled to participate in any Meeting of Members by Electronic Means and a person participating in such a meeting by those means is deemed to be present at the meeting. Any notice of meeting delivered in connection with a Meeting of Members shall include all such details as may be required in order for Members to attend and vote by Electronic Means.

8.12 Resolution in Lieu of Meeting

A resolution in writing, signed in one or more counterparts, by all of the Members entitled to vote on that resolution at a meeting of Members is as valid as if it had been passed at a meeting of Members and shall be effective as of the date stated in such

resolution to be the effective date thereof. Resolutions in writing may be executed originally and, where permitted pursuant to the terms of applicable law, including the Act and Regulations, by e-mail in PDF form or in electronic form through the use of electronic execution software, and all resolutions so executed will be deemed to be originals.

SECTION 9 NOTICES

9.1 Method of Giving Notices

Except as may otherwise be provided herein, any notice required under the Act or the By-laws shall be sufficiently given if delivered personally to the person to whom it is to be given or to that person's last address as recorded in the records of the Cooperative; if mailed, by pre-paid, ordinary mail; or, if the person has a recorded e-mail address on the records of the Cooperative, by means of e-mail to such address. A notice so delivered by hand or electronically shall be deemed to be given when it is delivered or transmitted as the case may be. A notice given by mail shall be deemed to be received on the third business day following mailing.

9.2 Undelivered Notices

If any notice given pursuant to this section is returned, the Cooperative shall not be required to give any further notices until the person to whom it is directed informs the Cooperative in writing of their new address or e-mail as the case may be.

9.3 Waiver of Notice

Any Member, delegate, Director, officer, auditor or member of a committee, may at any time, waive any notice, or waive or abridge the time any notice is required to be given.

SECTION 10 AMENDMENT TO THE BY-LAWS

10.1 Amendment by the Members

These By-laws may be amended, repealed or replaced in whole or in part by ordinary resolution of the Members at any meeting duly constituted for that purpose.

10.2 Amendment by the Board

Notwithstanding Section 10.1, the Directors may by ordinary resolution make or amend a By-law, provided such By-law or amendment is not contrary to a By-law made and approved by the Members and provided further that the By-law or amendment as the case may be will be presented to the Members at the next Meeting of Members for confirmation or amendment, failing which the By-law or amendment as the case may be will be deemed to be repealed as of the date of the Meeting of Members at which it was not confirmed.

10.3 Omissions and Errors

The accidental omission to give any notice to any Member, Director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate

any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

10.4 Effective Date

This By-law shall come into force effective as of the ____ day of _____, 2025.

10.5 Transitional Provision

All officers and persons validly appointed and acting prior to the coming into force of this By-law shall continue to act as if appointed under the provisions of this By-law and all resolutions the Board which have not been amended or repealed prior to the coming into force of this By-law shall continue good and valid except to the extent inconsistent with the Act or this By-law and until such resolutions are amended or repealed.

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Original DMS: iw://cassels.cloudimanager.com/LEGAL/69281704/3	
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<u>Add</u>	8
Delete	7
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	15

APPENDIX D



Created: [•], 2025

Last Updated:

PICTURE BUTTE FEEDER CO-OPERATIVE

Board of Directors Policy

This policy establishes the rights, responsibilities, and expectations of individuals who are on the Board of Directors (the "**Board**") of Picture Butte Feeder Co-operative ("**PBFC**"). This policy applies to all persons holding a position of a member of the Board (or acting in such capacity), including prospective, active and inactive members of the Board and is in addition to the rights, responsibilities, and expectations of the Board under PBFC's bylaws and applicable law.

1. Board Description and Compliance

- (a) The Board of PBFC shall direct the operation of PBFC in a manner consistent with this policy, the bylaws of PBFC in effect from time to time, and legislation in place from time to time, including the *Cooperatives Act*, SA 2001, c C-28.1 (Alberta) (the "**Act**") and accompanying regulations, PBFC's bylaws, and the *Manual of Directives and Procedures for Feeder Associations in Alberta* (revised September 28, 2021). In doing this, the Board shall provide wise stewardship of PBFC's resources while preventing unacceptable actions and situations that could harm the effectiveness, success and reputation of PBFC.
- (b) In governing, the Board will fulfill its legal responsibilities of:
 - (i) *Duty of Care* which requires that in fulfillment of their duties, a director owes PBFC the care that an ordinarily prudent person would exercise in a like position and under similar circumstances;
 - (ii) *Duty of Obedience* which requires the directors to be faithful to the mission and pillars of PBFC; and
 - (iii) *Duty of Loyalty* which requires directors to always put the best interest of PBFC first when making decisions affecting the organization.
- (c) Directors are responsible for informing the Chair of the Board, as soon as reasonably practical, of any change in their personal or professional circumstances that may impact their continued ability to serve PBFC effectively, or if they have been determined by the Board to be independent, that may impact their continued standing as Independent Directors.

2. Governing Style

- (a) In carrying out its responsibilities, the Board operates, to the extent possible, by:
 - (i) looking to the future and keeping informed of the operations, issues and trends that may affect PBFC, including with respect to industry and consumer developments and opportunities for improvement;
 - (ii) making decisions based on the knowledge of member/owner needs;
 - (iii) being proactive and visionary in its thinking;
 - (iv) working in a manner that encourages thoughtful deliberation, incorporating a diversity of viewpoints, and working together in a collegial manner; and

- (v) committing to excellence in governance, including regular monitoring, assessing and improving of its own performance.
- (b) The Board will monitor and discuss the Board's process and performance on a regular basis, or at least once per fiscal year.
- (c) The Board shall appoint a Chair, as provided for in the bylaws of PBFC. The Chair shall be responsible for providing leadership to the Board and ensuring its effectiveness in fulfilling its duties hereunder, the bylaws of PBFC, and applicable laws. In general, the Chair's specific responsibilities shall include the following: (i) leading, managing, and organizing the Board consistent with its approach to corporate governance and ensuring that all Directors perform their duties and function independently; (ii) presiding over meetings of the Board and meetings of members of PBFC; (iii) scheduling and setting agendas for Board meetings; (iv) encouraging free and open discussion, stimulating debate and facilitating consensus at Board meetings; (v) evaluating the performance of the Board, any Board committees and the Directors; (vi) ensuring that the Board is provided with the necessary resources, training and development with respect to PBFC's business to enable each Director to fulfill their duties effectively; (vii) leading strategic planning discussions; (viii) assisting in identifying and managing risks; (ix) supporting succession planning; and (x) performing such other functions as may be ancillary to the duties and responsibilities described above, and as may be delegated to the Chair by the Board from time to time.
- (d) Special committees may be established, from time to time, to assist the Board in connection with specific matters. The Chair of each committee will report to the Board following meetings of their committee. The governing charter of each standing committee will be set by the Board and, where a committee will remain a longer-term committee of the Board, reviewed and approved at least annually by the Board.

3. Code of Conduct

- (a) The Board commits itself and its directors to ethical, business-like and lawful conduct, including the proper use of authority and professional decorum when acting as directors.
- (b) Each director recognizes that, except when the Board is in a formal meeting, their authority is equal only to the rights and authority of any individual member of PBFC and that no individual director may take action on behalf of PBFC alone, unless explicitly delegated that authority by action of the Board.
- (c) The Board and each individual director agree that all directors shall use their utmost professional judgment and discretion in discussing disputed or confidential actions, policies, or issues with PBFC members, employees or the general public. Without limitation, all personnel, real estate, regulatory, marketing, legal, strategic planning, and financial matters will be considered sensitive issues subject to a director's good faith and discretion unless or until made specifically clear by action of the Board as a whole.
- (d) On an annual basis each director shall be required to sign or re-sign a copy of all Board policies to demonstrate their commitment to the principles and practices that are described herein.

4. Conflicts of Interest

- (a) Directors must comply with the requirements of PBFC's bylaws and the Act regarding all conflicts of interest, including the requirement to disclose to PBFC the nature and extent of any interest that the director has in a material contract or transaction, or a proposed material contract or transaction, with PBFC, and any material change to such interest if the director:
 - (i) is a party to the contract or transaction;

- (ii) is a director or officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or
 - (iii) has a material interest in a party to the contract or transaction.
- (b) Directors must make such disclosure in writing to PBFC or request to have it entered in the minutes of a meeting of the Board.
- (c) Each director that has a conflict of interest or a potential conflict of interest will not take any action to proceed with that transaction or relationship unless and until that action has been approved by the Board by written or duly passed resolution with the conflicted director abstaining from any vote or decision-making process related to such action ("**Board Approval**"). Board Approval must be:
 - (i) approved at a duly constituted meeting of the Board (per the bylaws of PBFC in place at such time); and
 - (ii) approved by an affirmative vote of no less than a majority of the total number of votes cast at such meeting of the Board; or
 - (iii) approved by a written resolution signed by all of the members of the Board.
- (d) For clarity, in addition to as set out in the by-laws, a conflict of interest includes director and director-related party transactions. Board Approval is required for entering into director and director-related party transactions. The Board may also choose to limit director and director-related party transactions as they deem necessary.
- (e) The Board shall not, and shall cause the officers and employees of PBFC not to, solicit or accept a power of attorney from a member in favour of PBFC except in extreme circumstances, such as temporary or permanent incapacity of an individual, and in such instance must obtain prior Board Approval in respect of same.
- (f) The members of the Board may not co-sign any member security deposits.
- (g) If personal financial benefit is improperly gained by a director directly, or indirectly through a spouse, child or relative sharing the same residence as the director, as a result of their employment or position, or by the use or misuse of property or confidential information of PBFC, then the director must account to PBFC for any benefit received. Such director will also be obligated to pay interest to PBFC on such benefit, which interest will accrue at a yearly rate of interest (calculated daily on the basis of a 365/366 day year) on all outstanding amounts of the benefit (until such time as it is paid in full to PBFC) equal to the ATB Financial prime rate of interest plus 5%.
- (h) Directors must do more than merely act within the law. They must act in such a manner that their conduct will bear the closest scrutiny should circumstances demand that it be examined. Not only actual conflicts of interest but also the very appearance of conflicts of interest should be avoided.

5. Board Meeting Requirements

- (a) All meetings and procedures of the Board required by the Act will be adhered to, including but not limited to, the timely calling of the annual general meeting of members and the creation of detailed meeting minutes for each duly called meeting of the Board (and any committee thereof) and of the members.
- (b) All Board decisions must be properly and clearly reflected in the Board meeting minutes. Meeting minutes for any meeting are not allowed to be revised, altered or edited without Board approval and a written explanation as to the necessary revisions, alterations or edits.

- (c) Directors will make every possible effort to attend all regularly scheduled meetings of the Board and of the committees on which they serve. When meetings are scheduled in advance, directors should determine whether they have conflicts and bring these to the attention of the Chair of the Board. Directors are expected to use their best efforts to attend special meetings of the Board (which may be called on shorter notice) in person or by electronic or telephonic means.
- (d) Meeting materials that are circulated to directors in advance of a meeting are expected to be reviewed by directors prior to the meeting.

6. Gifts and Personal Gain

- (a) No gift, entertainment, favour or other personal benefit or opportunity should ever be offered, accepted, or permitted by a director in a commercial context or by virtue of the director's position or office with PBFC, unless it:
 - (i) is consistent with customary business practices;
 - (ii) is not excessive in value;
 - (iii) cannot be construed as an improper payment, inducement, bribe, or payoff;
 - (iv) does not violate any laws or regulations;
 - (v) does not, to the knowledge of the director, violate the applicable policies of the recipient's employer; and
 - (vi) would not embarrass PBFC or the recipient if subsequently disclosed to the public, as determined by the Board. In any event, and for greater certainty, the offer, acceptance or permitting of cash gifts, or gifts of other negotiable instruments, by any director in connection with their role as a director is prohibited.
- (b) Directors must not use their position with PBFC to obtain personal gain or benefit from those doing or seeking to do business with PBFC.

7. Remuneration

- (a) The Board is a volunteer board and directors are not permitted to receive compensation for their position as a director of PBFC.
- (b) Directors are entitled to remuneration for reasonable expenses incurred when acting in the capacity of a director of PBFC. These expenses may include:
 - (i) mileage;
 - (ii) accommodation; and
 - (iii) meals.
- (c) For greater clarity, "incurred when acting in the capacity of a director of PBFC" means:
 - (i) attending duly called general and special meetings of the Board (or any committee thereof) or of the members;
 - (ii) attending all scheduled and unscheduled director events; and
 - (iii) any other activities that the Board deems necessary to participate in or be involved with.

- (d) All expenses submitted by directors must be accompanied with itemized receipts to the Board. The Chair shall approve all reasonable expenses (other than the Chair's own expenses) within thirty (30) days of receipt of such expenses and submit same to the Administrator (as such term is defined in the PBFC bylaws) for final approval and payment. The Administrator and Supervisor (as such term is defined in the PBFC bylaws) shall approve and effect payment of all reasonable expenses of the Chair within thirty (30) days of receipt of such expenses.

8. Record Keeping

- (a) The Board will maintain all financial records of PBFC for a minimum period of seven (7) years, or for a greater period of time, as necessary or as otherwise required by applicable law. Any physical records will be stored in a safe, dry and secure manner. Any electronic records will be stored in a password protected system.
- (b) The Board will maintain all other records of PBFC, including records of members, for as long as the Board deems necessary.
- (c) All records must accurately reflect and properly describe the transactions and members they record. All assets, liabilities, revenues and expenses must be properly recorded on a timely basis in the books of PBFC.
- (d) The Board will maintain up to date member records. Any member who withdraws will have their file closed within fifteen (15) business days following the member's satisfaction of all of their obligations to PBFC, including all of those set out and referred to in the PBFC bylaws.
- (e) The Board will maintain written records of all director conflicts of interest which may be reviewed by members of PBFC upon request.

9. Privacy of Personal Information

- (a) The collection of personal information shall be limited to that which is reasonably necessary for membership in PBFC, the administration of PBFC and any information required by law.
- (b) The Board shall retain personal information for as long as needed or as permitted in light of the purpose(s) for which it was obtained and further processed, consistent with applicable law.
- (c) Directors shall comply with all applicable laws respecting the collection and use of personal information and may not use the personal information of members of PBFC in their personal capacity or for personal gain.
- (d) The Board will take reasonably necessary measures to protect unauthorized access to member information.

10. Ongoing Education

- (a) PBFC is committed to providing information to ensure that the new directors are familiarized with PBFC's business and the procedures of the Board. Information may include PBFC's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures.
- (b) The Board will ensure that every director possesses the capabilities, expertise, availability and knowledge required to fill their position adequately.
- (c) The Board will provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors and ensure their knowledge and understanding of PBFC's business remains current.

11. Periodic Review

- (a) This policy shall be reviewed by the Board no less than once every fiscal year or as otherwise specified or determined necessary by the Board.
- (b) Amendments resulting from periodic reviews must be made in accordance with this policy.

12. Amendment

- (a) Only the Board is authorized to amend this policy.
- (b) Unauthorized amendments shall be considered invalid and of no force or effect.
- (c) Amendments to this policy must be done by Board Approval and approved:
 - (i) at a duly constituted meeting of the Board (per the bylaws of PBFC in place at such time); and
 - (ii) by an affirmative vote of no less than a majority of the total number of votes cast at such meeting of the Board; or
 - (iii) by a written resolution signed by all of the members of the Board.
- (d) All approved amendments must be formally documented, and prior versions of the policies must be archived and retained in accordance with Section 8.

13. Conflicts

In addition to the by-laws, PBFC is highly regulated and the PBFC by-laws along with the laws, rules, regulations and policies that govern PBFC are subject to change. In the event that there is any conflict between the by-laws and this policy or a conflict between any laws, rules, regulations and policies that govern PBFC and this policy, the Board will adhere to whichever is most stringent.

14. Emergency Situations

- (a) In circumstances where immediate action is required to address urgent risks, compliance requirements, or unforeseen events, emergency amendments or emergency actions may be made with expedited review and temporary approval by the Chair of the Board.
- (b) Emergency amendments or actions shall be subject to full review and ratification by the appropriate authority as soon as practicable.

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APPENDIX E



Created: [•], 2025
Last Updated:

PICTURE BUTTE FEEDER CO-OPERATIVE

Board of Directors Policy

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1. Board Description and Compliance

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- (b) In governing, the Board will fulfill its legal responsibilities of:
 - (i) *Duty of Care* which requires that in fulfillment of their duties, a director owes PBFC the care that an ordinarily prudent person would exercise in a like position and under similar circumstances;
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2. Governing Style

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 - (i) looking to the future and keeping informed of the operations, issues and trends that may affect PBFC, including with respect to industry and consumer developments and opportunities for improvement;
 - (ii) making decisions based on the knowledge of member/owner needs;
 - (iii) being proactive and visionary in its thinking;

- (iv) working in a manner that encourages thoughtful deliberation, incorporating a diversity of viewpoints, and working together in a collegial manner; and
 - (v) committing to excellence in governance, including regular monitoring, assessing and improving of its own performance.
- (b) The Board will monitor and discuss the Board's process and performance on a regular basis, or at least once per fiscal year.
- (c) The Board shall appoint a Chair, as provided for in the bylaws of PBFC. The Chair shall be responsible for providing leadership to the Board and ensuring its effectiveness in fulfilling its duties hereunder, the bylaws of PBFC, and applicable laws. In general, the Chair's specific responsibilities shall include the following: (i) leading, managing, and organizing the Board consistent with its approach to corporate governance and ensuring that all Directors perform their duties and function independently; (ii) presiding over meetings of the Board and meetings of members of PBFC; (iii) scheduling and setting agendas for Board meetings; (iv) encouraging free and open discussion, stimulating debate and facilitating consensus at Board meetings; (v) evaluating the performance of the Board, any Board committees and the Directors; (vi) ensuring that the Board is provided with the necessary resources, training and development with respect to PBFC's business to enable each Director to fulfill their duties effectively; (vii) leading strategic planning discussions; (viii) assisting in identifying and managing risks; (ix) supporting succession planning; and (x) performing such other functions as may be ancillary to the duties and responsibilities described above, and as may be delegated to the Chair by the Board from time to time.
- (d) Special committees may be established, from time to time, to assist the Board in connection with specific matters. The Chair of each committee will report to the Board following meetings of their committee. The governing charter of each standing committee will be set by the Board and, where a committee will remain a longer-term committee of the Board, reviewed and approved at least annually by the Board.

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- (d) On an annual basis each director shall be required to sign or re-sign a copy of all Board policies to demonstrate their commitment to the principles and practices that are described herein.

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- (a) Directors must comply with the requirements of PBFC's bylaws and the Act regarding all conflicts of interest, including the requirement to disclose to PBFC the nature and extent of any interest that the director has in a material contract or transaction, or a proposed

material contract or transaction, with PBFC, and any material change to such interest if the director:

- (i) is a party to the contract or transaction;
 - (ii) is a director or officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or
 - (iii) has a material interest in a party to the contract or transaction.
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 - (i) approved at a duly constituted meeting of the Board (per the bylaws of PBFC in place at such time); and
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- (b) All Board decisions must be properly and clearly reflected in the Board meeting minutes. Meeting minutes for any meeting are not allowed to be revised, altered or edited without Board approval and a written explanation as to the necessary revisions, alterations or edits.
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- (d) Meeting materials that are circulated to directors in advance of a meeting are expected to be reviewed by directors prior to the meeting.

6. Gifts and Personal Gain

- (a) No gift, entertainment, favour or other personal benefit or opportunity should ever be offered, accepted, or permitted by a director in a commercial context or by virtue of the director's position or office with PBFC, unless it:
 - (i) is consistent with customary business practices;
 - (ii) is not excessive in value;
 - (iii) cannot be construed as an improper payment, inducement, bribe, or payoff;
 - (iv) does not violate any laws or regulations;
 - (v) does not, to the knowledge of the director, violate the applicable policies of the recipient's employer; and
 - (vi) would not embarrass PBFC or the recipient if subsequently disclosed to the public, as determined by the Board. In any event, and for greater certainty, the offer, acceptance or permitting of cash gifts, or gifts of other negotiable instruments, by any director in connection with their role as a director is prohibited.
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- (a) The Board is a volunteer board and directors are not permitted to receive compensation for their position as a director of PBFC.
- (b) Directors are entitled to remuneration for reasonable expenses incurred when acting in the capacity of a director of PBFC. These expenses may include:
 - (i) mileage;
 - (ii) accommodation; and
 - (iii) meals.
- (c) For greater clarity, "incurred when acting in the capacity of a director of PBFC" means:

- (i) attending duly called general and special meetings of the Board (or any committee thereof) or of the members;
 - (ii) attending all scheduled and unscheduled director events; and
 - (iii) any other activities that the Board deems necessary to participate in or be involved with.
- (d) All expenses submitted by directors must be accompanied with itemized receipts to the Board. The Chair shall approve all reasonable expenses (other than the Chair's own expenses) within thirty (30) days of receipt of such expenses and submit same to the Administrator (as such term is defined in the PBFC bylaws) for final approval and payment. The Administrator and Supervisor (as such term is defined in the PBFC bylaws) shall approve and effect payment of all reasonable expenses of the Chair within thirty (30) days of receipt of such expenses.

8. Record Keeping

- (a) The Board will maintain all financial records of PBFC for a minimum period of seven (7) years, or for a greater period of time, as necessary or as otherwise required by applicable law. Any physical records will be stored in a safe, dry and secure manner. Any electronic records will be stored in a password protected system.
- (b) The Board will maintain all other records of PBFC, including records of members, for as long as the Board deems necessary.
- (c) All records must accurately reflect and properly describe the transactions and members they record. All assets, liabilities, revenues and expenses must be properly recorded on a timely basis in the books of PBFC.
- (d) The Board will maintain up to date member records. Any member who withdraws will have their file closed within fifteen (15) business days [following the member's satisfaction of all of their obligations to PBFC, including all of those set out and referred to in the PBFC bylaws.](#)
- (e) The Board will maintain written records of all director conflicts of interest which may be reviewed by members of PBFC upon request.

9. Privacy of Personal Information

- (a) The collection of personal information shall be limited to that which is reasonably necessary for membership in PBFC, the administration of PBFC and any information required by law.
- (b) The Board shall retain personal information for as long as needed or as permitted in light of the purpose(s) for which it was obtained and further processed, consistent with applicable law.
- (c) Directors shall comply with all applicable laws respecting the collection and use of personal information and may not use the personal information of members of PBFC in their personal capacity or for personal gain.
- (d) The Board will take reasonably necessary measures to protect unauthorized access to member information.

10. Ongoing Education

- (a) PBFC is committed to providing information to ensure that the new directors are familiarized with PBFC's business and the procedures of the Board. Information may

include PBFC's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures.

- (b) The Board will ensure that every director possesses the capabilities, expertise, availability and knowledge required to fill their position adequately.
- (c) The Board will provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors and ensure their knowledge and understanding of PBFC's business remains current.

11. Periodic Review

- (a) This policy shall be reviewed by the Board no less than once every fiscal year or as otherwise specified or determined necessary by the Board.
- (b) Amendments resulting from periodic reviews must be made in accordance with this policy.

12. Amendment

- (a) Only the Board is authorized to amend this policy.
- (b) Unauthorized amendments shall be considered invalid and of no force or effect.
- (c) Amendments to this policy must be done by Board Approval and approved:
 - (i) at a duly constituted meeting of the Board (per the bylaws of PBFC in place at such time); and
 - (ii) by an affirmative vote of no less than a majority of the total number of votes cast at such meeting of the Board; or
 - (iii) by a written resolution signed by all of the members of the Board.
- (d) All approved amendments must be formally documented, and prior versions of the policies must be archived and retained in accordance with Section 8.

13. Conflicts

In addition to the by-laws, PBFC is highly regulated and the PBFC by-laws along with the laws, rules, regulations and policies that govern PBFC are subject to change. In the event that there is any conflict between the by-laws and this policy or a conflict between any laws, rules, regulations and policies that govern PBFC and this policy, the Board will adhere to whichever is most stringent.

14. Emergency Situations

- (a) In circumstances where immediate action is required to address urgent risks, compliance requirements, or unforeseen events, emergency amendments or emergency actions may be made with expedited review and temporary approval by the Chair of the Board.
- (b) Emergency amendments or actions shall be subject to full review and ratification by the appropriate authority as soon as practicable.

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Summary report: Litera Compare for Word 11.6.0.100 Document comparison done on 9/7/2025 1:47:08 PM	
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Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	7

APPENDIX F



Created: [•], 2025

Last Updated:

PICTURE BUTTE FEEDER CO-OPERATIVE

Member Policy

This policy establishes the rights, responsibilities, and expectations of individuals or entities who are Members of Picture Butte Feeder Co-operative ("**PBFC**") and, as applicable, the Board (as defined below). This policy applies to all Members of PBFC, including prospective, active, and inactive Members and is in addition to the rights, responsibilities, and expectations of the Members and inactive Members under PBFC's bylaws and applicable law.

1. Administration of Members

- (a) "**Member**" has the meaning ascribed to it in the *Cooperatives Act*, SA 2001, c C-28.1 (Alberta) (the "**Act**").
- (b) Members must conduct themselves in a manner consistent with this policy, PBFC's bylaws, and legislation in place from time to time, including the Act and the *Manual of Directives and Procedures for Feeder Associations in Alberta* (revised September 28, 2021) (the "**Manual**"). In addition, at all times, Members must comply with the terms and conditions of their PBFC Member Agreement (the "**Member Agreement**").
- (c) All applications for membership must be approved by the Board of Directors of PBFC (the "**Board**") at a duly constituted meeting (held in accordance with the requirements of PBFC's bylaws).
- (d) The Board shall conduct commercially reasonable diligence into membership applications in order to determine the eligibility of such Members.
- (e) The Board shall ensure that all Members and prospective Members are eligible pursuant to applicable law and the requirements set forth in the Manual.
- (f) Administration by PBFC of Members in groups is only permitted with Board Approval (as such term is defined in the Board of Directors Policy of PBFC).
- (g) The Board reserves the right to request additional documentation or clarification as part of the Member administration review process.
- (h) Security deposits must be paid by Members before receiving livestock or an equity advance. For clarity, and subject to Section 4, the Board shall be entitled to such information of the Member to ensure that security deposits are not financed and PBFC shall not apply any equity advance towards security deposits.
- (i) Members and prospective Members will cooperate with all financial and operational risk mitigation efforts undertaken by the Board, including with respect to the Board's assessment of the creditworthiness of the Member, and shall provide such information and comply with such requirements and the Board may reasonably require and implement, respectively, from time to time.
- (j) All Members will provide full and true disclosure in all of their application and disclosure materials to and in respect of PBFC. Any Member to has been found to be untruthful by way of a statement or failure to make a statement will no longer have any rights as a Member and will be removed from the Membership in accordance with the PBFC by-laws

and applicable law. For greater certainty, a breach by a Member as contemplated by this provision will be considered sufficient “just cause” for the purposes of the Board’s right to terminate Membership.

2. Membership Contract Limits

- (a) Members who have not grown or finished the association's livestock, sold it and repaid PBFC ("**New Members**") are unable to be considered for an increased contract limit.
- (b) The Board will grant New Members with only the lowest necessary loan amount. The maximum loan amount should only be given to New Members after careful consideration of associated risk and with confidence that the New Member has access to the appropriate resources to fulfill such New Member’s contractual obligations.
- (c) No Member is entitled to receive any contract amounts or an increase in their contract limit. In addition to the limitations to be placed on all New Members, in exercising its discretion, the Board will consider a number of elements associated with balancing financial, operational, reputational and other potential risks to the PBFC.

3. Member Rights and Responsibilities

- (a) All active Members in good standing shall have the right to:
 - (i) vote in annual general meetings;
 - (ii) be elected or appointed to serve on the Board or committees (subject to applicable law and the Board of Directors Policy and bylaws of PBFC in effect from time to time;
 - (iii) participate in Member benefits and programs; and
 - (iv) access PBFC information as permitted under applicable law and internal policies and regulations.
- (b) Members shall:
 - (i) uphold the principles and values of PBFC;
 - (ii) comply with all current and future PBFC policies, procedures, and bylaws;
 - (iii) fulfill financial obligations required; and
 - (iv) notify PBFC of any changes to their personal information that is relevant to their membership application.
- (c) Members are also representatives of PBFC and should conduct themselves in an ethical manner with professionalism and courtesy in all dealings with the Board, other Members, regulatory authorities and the communities in which such Member operates.

4. Confidentiality and Use of Member Information

- (a) The collection of Member information shall be limited to that which is reasonably necessary for membership in PBFC, the administration of PBFC and any information required by law.
- (b) The Board shall retain Member information for as long as needed or as permitted in light of the purpose(s) for which it was obtained and further processed, consistent with applicable law.

- (c) A Member will keep their information with PBFC accurate, complete and up to date to the best of their ability and will advise the PBFC Board of changes to the information previously provided.
- (d) Member information shall not be used or disclosed for any purpose other than the administration of PBFC, except as consented to by the Member, or as required by law and the Board will take reasonably necessary measures to protect unauthorized access to Member information.

5. Confidentiality and Use of PBFC Information

- (a) Members shall not disclose confidential PBFC information to third parties without proper authorization.
- (b) Access to internal records by Members shall be limited to what is reasonably necessary for the exercise of membership rights and what is required by law, as determined by the Board in its sole discretion, acting reasonably.

6. Member Communications

- (a) The Board shall ensure timely and effective communication with Members through official channels such as email, newsletters or the website.
- (b) Notices related to policy changes, Member meetings, and other important matters shall be communicated by the Board to Members promptly and in compliance with PBFC's bylaws and applicable law.

7. Termination of Membership

- (a) In accordance with the terms of their Membership Agreement and the PBFC by-laws, Members may withdraw as Members.
- (b) Members who fail to meet the obligations of membership as set forth in the Act, the Manual, the bylaws of PBFC or any policy or rule of PBFC may have their membership involuntarily terminated in accordance with the terms of the by-laws.
- (c) Involuntary termination shall be fair and transparent and requires Board approval by way of special resolution (as defined in the Act).
- (d) Any Member who withdraws will have their file closed within the time limits prescribed by the Act.

8. Membership Documents

- (a) All membership documents must include the legal signature of the responsible party. Documents with multiple signatories must use the same format and style for both signatures and dates.
- (b) Electronic signatures must be executed using approved platforms or software (e.g. DocuSign) that allow for secure and traceable signature verification and all such signature must be applied by the individual whose signature is required.
- (c) Handwritten signatures must be legible and consistent with previously provided signature samples, where applicable.
- (d) All signatures must be accompanied by the date of signing, written clearly in the format: MM/DD/YYYY.
- (e) If revisions are made after a document is signed, all affected parties must re-sign and re-date the updated document.

- (f) Any discrepancies or omissions in signatures or dates must be corrected before the document is finalized or filed.
- (g) Notwithstanding anything else herein, where required by applicable law (e.g. personal guarantees, etc.), signatures will be provided in wet ink and witnesses or signed before a notary public (or similar professional) accordingly.
- (h) The Board shall store and maintain all membership documents for as long as the Board deems necessary or as long as required by applicable law. Members will also maintain copies of their membership documents for the duration of their Membership and for a period of 7 years thereafter.

9. Periodic Review

- (a) This policy shall be reviewed no less than once every fiscal year by the Members and the Board at a general or special meeting.
- (b) Amendments resulting from periodic reviews must be made in accordance with this policy.

10. Amendment

- (a) Only the Board is authorized to amend this policy.
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 - (iii) by a written resolution signed by all of the members of the Board.
- (d) All approved amendments must be formally documented, and prior versions of the policies must be archived and retained in accordance with Section 8 of the Board of Directors Policy of PBFC in effect from time to time.

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- (a) In circumstances where immediate action is required to address urgent risks, compliance requirements, or unforeseen events, emergency amendments or emergency actions may be made with expedited review and temporary approval by the Chair of the Board.
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APPENDIX G



Created: [•], 2025
Last Updated:

PICTURE BUTTE FEEDER CO-OPERATIVE

Member Policy

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Format changes	0
Total Changes:	0

APPENDIX H

September 8, 2025

Picture Butte Feeder Co-operative
#130 876 Highland Blvd W
Lethbridge, AB T1K-7V5

Dear Mr. McBride:

This letter will confirm the arrangements discussed with you regarding the services MNP LLP ("we" or "MNP") will render to Picture Butte Feeder Co-operative (the "Co-operative") commencing with the fiscal year ending August 31, 2025 and continuing for the year ending August 31, 2026.

Our responsibilities

We will audit the financial statements of Picture Butte Feeder Co-operative for the year ended August 31, 2025 and August 31, 2026.

Our audit will be conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we will plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error.

Our responsibilities, objective, scope, independence and the inherent limitations of an audit conducted in accordance with Canadian generally accepted auditing standards are detailed in Appendix A, which forms part of our mutual understanding of the terms of this engagement.

Management's responsibilities

The operations of the Co-operative are under the control of management, which has responsibility for the accurate recording of transactions and the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises. This includes the design, implementation and maintenance of the system of internal control relating to the preparation and presentation of the financial statements.

Appendix B, which describes in detail management's responsibilities with respect to this engagement, forms part of our mutual understanding of the terms of this engagement.

Reporting

Unless unanticipated difficulties are encountered, our report will be substantially in the form illustrated in Appendix C.

Tax services

As agreed, we will also prepare the following corporate income tax returns for the Co-operative:

- Federal Corporation Income Tax Return (T2) and related Provincial tax return (AT1).

MNP LLP

3425 - 2nd Ave South, Lethbridge AB, T1J 4V1

1.800.661.8097 T: 403.329.1552 F: 403.329.1540

Canadian income and capital tax returns are generally due within six months of the Co-operative's year-end. Failure to file on a timely basis can result in penalty and interest charges.

We will prepare the corporate tax returns based on information provided by you, as well as through our discussions with management personnel. We will not audit, review or otherwise attempt to verify the accuracy or completeness of such information.

We, as tax preparers, are required by legislation to electronically file all corporate income tax returns with the Canada Revenue Agency for taxation periods beginning on and after January 1, 2012 (certain exceptions apply for returns not eligible for electronic filing). When the return is complete, we will provide you with Form T183CORP *Information Return for Corporations Filing Electronically*, which must be reviewed and signed by an authorized signing officer to certify the information reported on the income tax return and to authorize MNP to electronically submit the return on your behalf.

We will electronically file the AT1 Alberta Corporate Income Tax Return on your behalf once completed.

Fees and expenses

Our fees and expenses are discussed in detail in Appendix D.

Other matters

Based on our firm's client acceptance and continuance procedures, we will make inquiries and require certain information from the Co-operative before final client acceptance is approved. We reserve the right to decline appointment if the results of our client acceptance procedures are not satisfactory.

We will, as permitted by the Rules of Professional Conduct, provide additional services upon request, in areas such as taxation, leadership and human resource management, communication, marketing, strategic planning, financial management and technology consulting.

Our standard terms and conditions, included as Appendix E, form part of our mutual understanding of the terms of this engagement. In the event that you choose to terminate this engagement based on the terms outlined in Appendix E, we reserve the right to notify all financial statement users of the change.

These terms will continue in effect from year to year, unless changed in writing.

We believe the foregoing correctly sets forth our understanding, but if you have any questions, please let us know. If you find the arrangements acceptable, please acknowledge your agreement to the understanding by signing and returning the engagement letter to us.

It is a pleasure for us to be of service to you. We look forward to many years of association with you and Picture Butte Feeder Co-operative.

Sincerely,

MNP LLP

Chartered Professional Accountants

encls.

RESPONSE:

This letter correctly sets forth the understanding of Picture Butte Feeder Co-operative.

Officer Signature

Title

Date

cc: Audit Committee/Board of Directors.

Appendix A: Our Audit Responsibilities, Objective, Scope and Limitations

The following details our responsibilities as auditors and the objective, scope, independence and inherent limitations of an audit conducted in accordance with Canadian generally accepted auditing standards.

Our responsibilities, objective and scope

Our audit will be planned and performed to obtain reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. If any of the following matters are identified, they will be communicated to the appropriate level of management:

- Misstatements, resulting from error, other than immaterial misstatements;
- Fraud or any information obtained that indicates that a fraud may exist;
- Material uncertainties related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern;
- Any evidence obtained that indicates non-compliance or possible non-compliance with laws and regulations has occurred;
- Significant deficiencies in the design or implementation of controls to prevent and detect fraud or misstatements; and
- Related party transactions identified that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

Furthermore, we will consider the Co-operative's system of internal control over financial reporting for the purpose of identifying types of potential misstatement, considering factors that affect the risks of material misstatement, and determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of controls over financial reporting nor to identify all significant deficiencies in the Co-operative's system of financial controls.

Independence

The Rules of Professional Conduct require that we are independent when conducting this engagement. We will communicate to the Audit Committee or equivalent any relationships between the Co-operative (including related entities) and MNP that, in our professional judgment, may reasonably be thought to bear on our independence.

If matters should arise during this engagement that can reasonably be assumed to have impaired our independence, we may need to withdraw from this engagement.

Audit limitations

An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the financial statements. This includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation, structure and content of the financial statements, including disclosures.

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of factors such as the use of judgment, selective testing of data, inherent

Appendix A: Our Audit Responsibilities, Objective, Scope and Limitations *(continued from previous page)*

limitations of controls, and the fact that much of the audit evidence available is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material misstatement due to fraud.

While an effective system of internal control reduces the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, we cannot guarantee that fraud, misstatements and non-compliance with laws and regulations, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

The audit of the financial statements and the issuance of our audit opinion are solely for the use of the Co-operative and those to whom our report is specifically addressed. We make no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party. If our name is to be used in connection with the financial statements, you will attach our independent audit report when distributing the financial statements to third parties.

We ask that our names be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us.

Appendix B: Management Responsibilities

During the course of our audit, you will be required to provide and make available complete information that is relevant to the preparation and presentation of the financial statements, including:

- Financial records and related data, including data relevant to disclosures made in the financial statements;
- Copies of all minutes of meetings of members, directors and committees of directors;
- Access to personnel to whom we may direct our inquiries;
- Information relating to any known or possible instances of non-compliance with laws, legislative or regulatory requirements (including financial reporting requirements);
- Information relating to all related parties and related party transactions; and
- Allowing access to those within the Co-operative from whom the auditor determines it necessary to obtain audit evidence.

Management's responsibility with respect to fraud and misstatement includes:

- The design and implementation of internal control for its prevention and detection;
- An assessment of the risk that the financial statements may be materially misstated;
- Disclosure of situations where fraud or suspected fraud involving management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements, have been identified or allegations have been made; and
- Communicating your belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our audit in order to confirm oral representations given to us and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

If the Co-operative plans any reproduction or publication of our report, or a portion thereof, printer's proofs of the complete documents should be submitted to us in sufficient time for our review, prior to making such documents publicly available. It will also be necessary for you to furnish us with a copy of the printed report. Further, it is agreed that in any electronic distribution, for example on Picture Butte Feeder Co-operative's website or on designated public document databases such as SEDAR, management is solely responsible for the accurate and complete reproduction of our report and the subject matter on which we reported, and for informing us of any subsequent changes to such documents. However, we are responsible to read the documents to ensure accuracy, and consider the appropriateness of other information accompanying the audited financial statements, upon initial posting.

Appendix C: Illustrative Independent Auditor's Report

To the Members of Picture Butte Feeder Co-operative:

Opinion

We have audited the financial statements of Picture Butte Feeder Co-operative (the "Co-operative"), which comprise the balance sheet as at August 31, 2025, and the statements of income, members equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Co-operative as at August 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Co-operative in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statement for the year ended August 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on November 21, 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Appendix C: Illustrative Independent Auditor's Report *(continued from previous page)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lethbridge, Alberta

Chartered Professional Accountants

Appendix D: Fees and Expenses

Our fees are determined on the basis of time spent on the engagement at the tariff rates of various members of our team. Any disbursements will be added to the billing.

Excluding administrative expenses and applicable taxes, the estimate of fees for the 2025 audit and tax return preparation services to be provided are \$47,000. The estimate of fees for the 2026 audit and tax return preparation services are \$50,000. Invoices expected to be in excess of these amounts, will be discussed with you for your approval. Refer to Appendix E for information about the relevant administrative expenses and taxes.

Our estimated fees are based on our knowledge of the Co-operative. This estimate relies on the following assumptions:

- No significant deficiencies in the system of internal control which cause procedures to be extended;
- No major unadjusted misstatement(s) or un-reconciled balances;
- Significantly all adjusting entries are completed prior to the trial balance and journal entries being provided to the audit team;
- All management and required staff are available as needed;
- Information and working papers required, as outlined in our letter of fiscal year-end requirements, are provided in the mutually agreed form and timing; and
- There are no changes to the agreed upon engagement timetable and reporting requirements.

We will ask that your personnel, to the extent possible, prepare various schedules and analysis, and make various invoices and other documents available to our team. This assistance will facilitate the progress of our work and minimize the cost of our service to you.

If any significant issues arise during the course of our audit work which indicate a possibility of increased procedures or a change in the audit timetable, these will be discussed with management by the practitioner leading your engagement so a mutually agreeable solution can be reached. In accordance with our standard terms and conditions, included as Appendix E, if significant changes to the arrangements set forth in this engagement letter are required, any change in scope of the engagement will need to be agreed in writing.

Appendix E: Standard Terms and Conditions

The following standard terms and conditions and engagement letter to which they are attached form one agreement (the "Agreement") and set out the terms and conditions upon which MNP LLP ("MNP") will provide services to you (the "Co-operative").

1. **Timely Performance** - MNP will use all reasonable efforts to complete, within any agreed-upon time frame, the performance of the services described in the engagement letter to which these terms and conditions are attached. However, MNP shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by the Co-operative of its obligations as set out in the engagement letter.
2. **Right to Terminate Services** - The Co-operative may terminate the engagement upon 30 days written notice. If this occurs, the Co-operative shall pay for time and expenses incurred by MNP up to the termination date, together with reasonable time and expenses incurred to bring the services to a close in a prompt and orderly manner. Should the Co-operative not fulfil its obligations as set out herein and in the engagement letter, and in the event that the Co-operative fails to remedy such default within 30 days following receipt of notice from MNP to that effect, MNP may, upon written notification and without prejudice to its other rights and resources, terminate provision of our services as described in the engagement letter. In such case, MNP shall not be responsible for any loss, costs, expenses, or damages resulting from such termination.
3. **Change Order** - If, subsequent to the date of this engagement letter, the Co-operative requires significant changes to the arrangements set forth in this engagement letter, the Co-operative will be required to agree to the change in scope of the engagement in writing, in a "Change Order" agreement. The "Change Order" agreement will set forth the revised arrangements and scope of services to be performed and any related additional fees associated.
4. **Fees** - Any fee estimates by MNP take into account the agreed-upon level of preparation and assistance from the Co-operative's personnel. MNP undertakes to advise the Co-operative's management on a timely basis should this preparation and assistance not be provided, or should any other circumstances arise which cause actual time to exceed the estimate.
5. **Administrative Expenses** - A non-reimbursable administrative expense fee (the "Administrative Fee") equal to 5% of the professional fees charged will be levied for administrative expenses. The administrative fee will be added to the professional fees and will be payable at the same time. Out-of-pocket expenses, including travel and accommodation expenses, incurred in connection with and necessary to the provision of our Services will be charged to the client.
6. **Billing** - Bills will be rendered on a regular basis as the assignment progresses. Accounts are due and payable upon receipt. Interest may be charged on the balance of any accounts remaining unpaid for more than 30 days, at a rate of 1.5% per month (19.56% per annum).
7. **Taxes** - All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. The Co-operative shall assume and pay any such taxes or duties, without deduction from the fees and charges hereunder.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

8. **Governing Law** - The engagement will be governed and construed in accordance with the laws of the Province of Alberta, and shall be deemed in all respects to be an Alberta contract. The Co-operative and MNP submit to the courts of that jurisdiction with respect to all matters arising under or by virtue of this Agreement.
9. **Working Papers** - MNP owns all working papers and files, other materials, reports and work created, developed or performed during the course of the engagement, including intellectual property used in the preparation thereof. We will provide management with a copy of all practitioner-prepared working papers necessary for the Co-operative's accounting records. MNP may develop software, including spreadsheets, documents, databases, and other electronic tools, to assist us with our assignment. As these tools and working papers were developed specifically for our purposes and without consideration of any purpose for which the Co-operative might use them, any such tools which may be provided to the Co-operative, will be made available on an "as is" basis only, at our discretion, and should not be distributed to or shared with any third party. Except as indicated in the Rules of Professional Conduct or by any legal proceeding, we have no responsibility to share our working papers with you or with any other parties.
10. **Personal Information** - Except to the extent necessary for the performance of the services, the Co-operative shall not provide any personal information, as defined in Canadian federal and provincial privacy legislation, to MNP in connection with this engagement. If personal information is disclosed to or by MNP, or is accessed, collected, used, or disclosed by MNP, the Co-operative consents to the same and represents and warrants that it has or will collect all necessary consents, provide any necessary notices, and do all such other things as are required under applicable law in respect of such personal information. Any collection, use or disclosure of personal information will be subject to MNP's privacy policy (available for review at www.mnp.ca/privacy) and will comply with applicable Canadian federal and provincial laws.
11. **Confidentiality** - To the extent that, in connection with this engagement, MNP comes into possession of any proprietary or confidential information of the Co-operative, MNP will not disclose such information to any third party without the Co-operative's consent, except: (a) when properly acting in the course of providing the Services (including to such of MNP's subcontractors, affiliates and advisors as may have a need to know), (b) as may be required by applicable law, or as may be permitted by applicable professional standards; or (c) to the extent such information: (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by MNP in breach hereof; (ii) is disclosed by the Co-operative to a third party without substantially the same restrictions as set forth herein; (iii) becomes available to MNP on a non-confidential basis from a source other than the Co-operative whom MNP believes is not prohibited from disclosing such information to MNP by obligation to the Co-operative; (iv) is known by MNP prior to its receipt from the Co-operative without any obligation of confidentiality with respect thereto; or (v) is developed by MNP independently of any disclosures made by the Co-operative to MNP of such information. The Co-operative acknowledges that our client files may be periodically reviewed by provincial or national practice inspectors as required by law, including for reporting-issuers by the Canadian Public Accountability Board, the Public Company Accounting Board, or other regulators, and by other MNP personnel that may be located extra-provincially to ensure we are adhering to professional and MNP standards.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

12. **Data Analytics** - The Co-operative agrees that MNP may use relevant portions of the Co-operative information disclosed to MNP in the course of the Engagement, which may include Confidential information and Personal information (the "Client Data") for the purpose of performing individualized (using your data only, for your eyes only) and aggregated benchmarking and industry models and reports (using de-identified data from a variety of sources). Aggregated benchmarking and industry reporting services will be performed to provide valuable insights on financial and other trends either (a) within your specific business organization over time, or (b) on an aggregated basis across an entire industry or sector. MNP may use such information to provide services to its clients or for other business purposes. None of the aggregated reporting will contain any information that would allow a third party to identify you. The data will not be re-identified or removed following the aggregation process.
13. **Nature of the Limited Liability Partnership (LLP)** - MNP is a registered limited liability partnership, as permitted by legislation enacted in our governing jurisdiction of the Province of Alberta. This legislation provides that a partner of an LLP is not personally liable for any of the debts, obligations, or liabilities of the LLP or any of the other partners which may arise as a result of any negligent act or omission of another partner of the LLP, or by any employee of the partnership, unless such act or omission is committed by the partner him or herself or by a person under the partner's direct supervision and control. All partners of an LLP remain personally liable for any acts or omissions arising as a result of their own negligence, and for the acts or omissions of those directly under their supervision or control, and shall continue to be subject to unlimited personal liability for all of the other liabilities of the partnership. The legislation does not reduce or limit in any way the liability of the partnership itself, and all of the partnership's assets and insurance coverage remain at risk.
14. **Release and Limitation of Liability** - The Co-operative and MNP agree to the following with respect to MNP's liability to the Co-operative:
 - a. In any action, claim, loss or damage arising out of the engagement, the Co-operative agrees that MNP's liability will be several and not joint and the Co-operative may only claim payment from MNP of MNP's proportionate share of the total liability based on the degree of fault of MNP as finally determined by a court of competent jurisdiction.
 - b. Other than for matters finally determined to have resulted from the gross negligence, fraud or willful misconduct of MNP, whether the claim be in tort, contract, or otherwise:
 - i. MNP shall not be liable to the Co-operative and the Co-operative releases MNP for all claims, damages, costs, charges and expenses (including legal fees and disbursements) incurred or suffered by the Co-operative related to, arising out of, or in any way associated with the engagement to the extent that the aggregate of such amounts is in excess of the total professional fees paid by the Co-operative to MNP in connection with this engagement during the 12 month period commencing from the date of the engagement letter to which these terms and conditions are attached; and,
 - ii. MNP shall not be liable to the Co-operative for any consequential, indirect, lost profit or similar damages, or failure to realize expected savings, relating to MNP's services provided under the engagement letter to which these terms and conditions are attached.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

15. **Indemnity** - The Co-operative agrees to jointly and severally indemnify and hold harmless MNP against:
- a. All claims, damages, costs, charges and expenses (including legal fees and disbursements) which are related to, arise out of, or are in any way associated with the engagement, whether the claims are civil, penal, regulatory, or administrative in nature, other than those finally determined by a court of competent jurisdiction to have resulted from MNP's gross negligence, fraud or willful misconduct; and,
 - b. Notwithstanding "a.," all claims, damages, costs, charges and expenses (including legal fees and disbursements) which are related to, arise out of, or are in any way associated with the engagement, whether the claims are civil, penal, regulatory, or administrative in nature, that arise from or are based on any deliberate misstatement or omission in any material, information or representation supplied or approved by any officer or member of the Board of Directors of the Co-operative.

For the purposes of paragraph 14. and 15., "MNP" shall mean MNP LLP and its directors, officers, partners, professional corporations, employees, subsidiaries and affiliates and to the extent providing services under the engagement letter to which these terms are attached, MNP LLP, its member firms, and all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee.

16. **Survival of Terms** - The Co-operative and MNP agree that clauses 14. and 15. will survive termination of the engagement.
17. **Electronic Communications** - Unless the Co-operative prefers we use a particular manner of communication and specifies as much in writing, MNP will use whatever form of communication it deems most efficient in the circumstances. In many instances, this will involve the use of internet e-mail. With respect to internet e-mail, MNP and the Co-operative both acknowledge that neither party has control over the performance, reliability, availability, or security of internet e-mail. Additionally, MNP staff may be required or requested to work from your offices during which visits access to and use of and reliance upon your electronic environment (including but not limited to, your network, Internet, and extranet resources) is necessitated. The Co-operative accepts that MNP shall not be liable for any loss, damage, expense, harm or inconvenience resulting from any loss, delay, interception, corruption, security breach, delivery failure, incompatibility, incompleteness or alteration of any document or transmission arising from the use of e-mail or the transmission of any document outside of MNP's electronic environment.
18. **Third Party Services** - In connection with this engagement, MNP may use certain third parties to provide professional, administrative, and analytical services and other clerical support. As a result, Client Data may transit or be used, stored or accessed in jurisdictions outside your province of residence or outside of Canada, and may be subject to disclosure in accordance with the laws applicable in such jurisdiction, which laws may not provide the same level of protection as Canadian federal and provincial privacy laws. MNP will require such third parties to undertake confidentiality obligations that are equivalent to those contained in this Agreement. For clarity, MNP does not warrant and is not responsible for any third-party product or service obtained independently by the Co-operative notwithstanding any participation or involvement by MNP in the procurement of such services.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

19. **Praxity** - We are an independent accounting firm allowed to use the name "PRAXITY" in relation to our practice. We are not connected by ownership to any other firm using the name "PRAXITY" and we will be solely responsible for all work carried out by us on your behalf. In deciding to instruct us you acknowledge that we have not represented to you that any other firm using the name "PRAXITY" will in any way be responsible for the work we do.
20. **Solicitation** - The Co-operative agrees that for a period of one year after completion of the services, it shall not, directly or indirectly, for itself or for any third party, solicit the services of, hire, contract for the services of, or otherwise entice away from their partnership, employment or contract of services with MNP or any MNP Person. In the event of a breach of this section by the Co-operative, the Co-operative shall be obliged to pay to MNP liquidated damages in the amount of one hundred fifty (150%) percent of the total compensation the Co-operative or third party offered to pay the individual in their first year of service to such party, or one hundred fifty (150%) percent of total compensation the Co-operative or third party actually paid to the individual in their first year of service to such party, whichever is greater. The Co-operative further understands that any breach by the Co-operative of this provision may result in a threat to our independence which may prevent us from accepting or continuing any engagement to provide assurance services to the Co-operative. "MNP Person" means any and all partners, employees and contractors providing services to MNP, whether for a defined or indefinite period or on a part-time or full-time basis, and with whom the Co-operative had contact during the term of this engagement.

APPENDIX I

Picture Butte Feeder Cooperative
Summary of Receiver's Fees and Disbursements
May 31, 2025 to August 29, 2025

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
Invoice # 5	May 31, 2025 - July 4, 2025	242,186.00	13,733.50	255,919.50	12,795.98	268,715.48
Invoice # 6	July 5, 2025 - August 1, 2025	97,790.00	434.39	98,224.39	4,911.22	103,135.61
Invoice # 7	August 2, 2025 - August 29, 2025	109,743.50	8,350.65	118,094.15	5,904.71	123,998.86
Total		449,719.50	22,518.54	472,238.04	23,611.91	495,849.95
Grand Total		\$ 449,719.50	\$ 22,518.54	\$ 472,238.04	\$ 23,611.91	\$ 495,849.95

Picture Butte Feeder Cooperative
Summary of Restructuring Officer Counsel's Fees and Disbursements
June 13, 2025 to August 31, 2025

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
1681659	June 13, 2025-June 30, 2025	46,263.50	16.00	46,279.50	2,313.98	48,593.48
1683237	July 1, 2025 - July 24, 2025	8,225.00	431.27	8,656.27	425.96	9,082.23
1684055	July 25, 2025 - July 31, 2025	1,449.00	-	1,449.00	72.45	1,521.45
1686210	August 1, 2025 - August 22, 2025	8,949.50	-	8,949.50	447.48	9,396.98
1687365	August 23, 2025 - August 31, 2025	13,023.50	-	13,023.50	651.18	13,674.68
Total		77,910.50	447.27	78,357.77	3,911.05	82,268.82
Grand Total		\$ 77,910.50	\$ 447.27	\$ 78,357.77	\$ 3,911.05	\$ 82,268.82

Picture Butte Feeder Cooperative
Summary of Company's Counsel's Fees and Disbursements
June 1, 2025 to September 5, 2025

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
2289223	June 1, 2025 - June 30, 2025	33,232.11	-	33,232.11	1,661.61	34,893.72
2293682	July 1, 2025 - July 31, 2025	9,931.74	-	9,931.74	496.59	10,428.33
2294607	August 1, 2025 - September 5, 2025	6,074.61	-	6,074.61	303.73	6,378.34
Total		49,238.46	-	49,238.46	2,461.93	51,700.39
Grand Total		\$ 49,238.46	\$ -	\$ 49,238.46	\$ 2,461.93	\$ 51,700.39