Member Agreement

Preamble

National Co+op Grocers (NCG) exists so that member co-ops are successful and the total cooperative grocery sector grows in size and scope. NCG provides business and development services nationally and through a variety of peer groups. These services provide members the capacity of a chain while supporting the autonomy of each local co-op.

NCG operates as a cooperative owned by its member co-ops and is dedicated to fostering a spirit of innovation and facilitating the exchange of ideas and experiences for their mutual economic benefit. NCG is a member-driven federated cooperative and operates using uniform rules and conditions that are consistently applied and continually evolving.

NCG's ability to deliver value derives from aggregating the purchasing power of its members. Accordingly, it is in the best interest of NCG and its member cooperatives for members to fully utilize the programs and services offered by NCG and to act in consideration of the whole by balancing the interests of all participating co-ops with the co-op's self-interest.

The NCG system's success is a function of the interdependence between NCG and its members – each holding the other accountable to perform while fully accepting responsibility for the growth and prosperity of the whole.

Commitments by NCG

NCG will:

1. Honor the international values and principles of cooperation, as developed and promoted by the International Cooperative Alliance.
2. Maintain its commitment to the system's diversity, equity and inclusivity while respecting the backgrounds, perspectives and experiences of all participants.
3. Abide by the requirements of its Articles of Incorporation, Bylaws, and member agreement.
4. Act in good faith in representing NCG and its co-ops in consideration of the best interests of the NCG co-op ecosystem and be committed to the system's growth, profitability and continuous improvement.
5. Take all reasonable measures to avoid disclosure of NCG members' confidential information including details of members' business, contracts, technology, products, services, and trade secrets. NCG will not share co-op staff contact information with third parties other than required by specific program participation.
6. Make available financial, operational and other organizational data as appropriate to member co-ops in a timely fashion.
7. Pay all rebates and amounts due to co-ops on a timely basis.

8. Provide opportunities for clear and meaningful member participation.
9. Respond within ten days to any member grievance submitted.
10. Comply fully with all state and federal antitrust laws.

Rights of Membership

NCG members have the following rights of participation and access:

1. Elect representatives to the Board of Directors as provided for by the NCG Bylaws.
2. Provide input and feedback on NCG programs and services to NCG management, staff, and Board of Directors.
3. Receive comprehensive information about the operations, plans and status of NCG.
4. Participate in NCG programs and services.
5. Receive patronage allocations as provided for by the NCG Bylaws.
6. Terminate the co-op's NCG membership per NCG Bylaws and discontinue participation in any NCG program per the specific terms of that program's participation agreement.

Requirements of Membership

NCG member co-ops will:

1. Honor the international values and principles of cooperation, as developed and promoted by the International Cooperative Alliance.
2. Maintain a commitment to the system's diversity, equity and inclusivity while respecting the backgrounds, perspectives and experiences of all participants.
3. Abide by the requirements of NCG's Articles of Incorporation, Bylaws, member agreement and any program participation agreements between the member and NCG.
4. Act in good faith in representing NCG and its co-ops in consideration of the best interests of the NCG co-op ecosystem and be committed to growth, profitability, and continuous improvement.
5. Designate the co-op's general manager or a staff member with similar authority to make decisions and sign contracts on behalf of their cooperative as the co-op's designated representative (DR).
   a. The DR will represent the member cooperative in all appropriate NCG votes and/or actions and will be accountable for the co-op's compliance with all relevant agreements.
   b. The DR will designate other staff to assume responsibility for the co-op's participation in other NCG programs as required by that program's participation agreement.
   c. The DR will designate an emergency successor to fulfill the responsibilities of the DR if needed.
   d. The co-op will notify NCG within ten days of a DR's departure, removal of authority, or unavailability to fulfill this role. New DRs will sign NCG's member agreement and complete an initial DR orientation within 15 days of assuming the DR role.

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6. Pay required dues, equity, and other fees to NCG on a timely basis as provided for by the NCG Bylaws.
   a. Annual dues are currently $1,000 plus 0.10% of annual sales as reported through each June with a maximum of $30,000/year.
   b. Equity investment currently includes $500 of common stock and base capital of 0.10% of annual sales as reported through June. New members have up to five years to complete their member equity investment. Base capital is reassessed every three years and any additional investment due is payable within six months.
   c. Annual dues for new start-up member co-ops with no current sales basis are $500 and equity for new start-up co-ops are assessed $500 in common stock and $1,000 base capital until the store completes four full quarters of operations ending in June.
   d. Co-ops may be eligible for deferment of up to 80% of annual dues by written agreement with NCG. Any amounts deferred will become a no-interest loan from NCG to the co-op to be repaid within five years.
7. Make and receive all payments to and from NCG using NCG's designated electronic payment system. NCG reserves the right to set and adjust payment terms as needed.
8. Take all reasonable measures to avoid disclosure of NCG's confidential information, including NCG's member information and details of NCG business, contracts, technology, products, services and trade secrets. This includes:
   a. Limiting access to NCG's website, SPINS, CoMetrics and other sources of confidential information to paid co-op staff members only. Such staff members must use a co-op controlled email address as a login/username and must limit the use of this data to the co-op's own business purposes. NCG retains the right to terminate access.
   b. Notifying NCG immediately if/when any individual's access to NCG's website, CoMetrics, SPINS and other confidential and proprietary data should be terminated.
9. Notify NCG of any emerging financial, legal or operational conditions that could negatively impact the on-going financial and operational capabilities of the co-op, its ability to satisfy current obligations, and/or non-compliance with loan covenants or credit requirements.
10. Adhere to all NCG brand guidelines when using NCG brand assets and cease using those assets upon termination of the rights to those assets by NCG.
11. Submit comprehensive data to NCG or its third-party data management contractors per the following:
    a. Weekly sales and customer counts to NCG within five days of each week end.
    b. Weekly product movement exclusively to SPINS within five days of each week end.
    c. Quarterly detailed trial balance to CoMetrics within 45 days of quarter end.
    d. Purchase amounts by vendor.
    e. Key co-op operational metrics to NCG as requested periodically.
12. Ensure compliance with all NCG operating standards, specifically:
    a. Complete a third-party CPA review of annual financial statements each year.
    b. Prepare separate income statements for each distinct revenue-generating facility and internal business unit (stores, restaurants, commissaries, bakeries, warehouses, administration and other).
    c. Ensure accurate accounting of inventory levels at each quarter end.
    d. Publish complete and accurate financial statements for each month or 4/5 week accounting period no later than 30 days following the period end per GAAP standards (e.g. appropriate reconciliations, accruals and allocation of depreciation, amortization, and debt).

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13. Ensure required attendance and participation at the following national NCG meetings:
    a. Spring and Fall Meetings of DRs
    b. Co+nvergence purchasing conference for Promotions Liaisons

    Travel expenses to these required events will be reimbursed per NCG's travel reimbursement policy (available on the NCG.coop website).

14. Keep NCG informed of the full name and contact information for the co-op's board chair and ensure receipt of NCG's quarterly Board Bulletin and annual Co-op Participation Report by the co-op's Board of Directors.

15. Adhere to the following requirements applicable to all NCG voluntary programs:
    a. Use NCG as the co-op's agent and work directly with NCG staff to secure any new terms or arrangements with those program partners.
    b. Refrain from negotiating directly with any NCG program partner or vendor for special benefits, services, or conditions without the approval of NCG program staff.
    c. Maintain confidentiality about all NCG negotiated pricing and terms and refrain from sharing pricing or other negotiated terms with anyone, including vendor representatives.
    d. Communicate with NCG and partner/vendor representatives as needed to strengthen and improve programs.

16. Not remove or destroy any proprietary markings of SPINS appearing on any SPINS information or reports and allow SPINS personnel in co-op stores to collect information related to consumer shopping behavior, promotion pricing and display activity, product merchandising, store-format, and other information applicable to SPINS services.

17. Provide NCG the opportunity to resolve a grievance in any of the following categories:
    a. Alleged violation of existing NCG policies.
    b. A claim of inconsistent decision, benefit or application of policy to different co-ops in similar situations.
    c. A claim of an unfair situation caused by an inherently unfair policy.
    d. Alleged infractions of federal, state, or other governmental statutes.

    If the grievance cannot be resolved satisfactorily, it will be heard by an impartial mediator within 60 days to assist the parties in reaching a mutually acceptable settlement.

Exceptions and Non-compliance

1. Any exceptions to the requirements of NCG's member agreement must be approved by NCG management.

2. NCG will notify the member co-op's DR and Board of Directors of the failure to comply with any requirement of membership, as stipulated in the Articles of Incorporation, Bylaws, or this agreement, or of conduct that is detrimental to the reputation of NCG and its co-ops. NCG will work to secure a remedy within 60 days and may suspend the co-op's membership until the matter is resolved. Membership may be terminated subject to the provisions of NCG's Bylaws Section 2.7.

Legal Disclosures

1. NCG. References in this document to "NCG" denote National Cooperative Grocers Association, doing business as National Co+op Grocers, a Minnesota cooperative, and its subsidiaries. For further details, please review NCG's Articles of Incorporation, Bylaws, and annual reports.

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2. Investment. Investment in National Co+op Grocers' (NCG) base capital does not represent the purchase of a security under federal or state law. Base capital will not appreciate in value nor is the payment of a dividend promised. NCG cannot promise if or when base capital will be redeemed. Any economic benefit from a member's investment derives from the programs a co-op participates in and from distribution of patronage refunds, if any. Members acknowledge and understand that their investment in NCG is not transferrable.

3. Antitrust compliance. NCG brings together, for limited and pro-competitive purposes, members who are actual or potential competitors. NCG strongly supports competition and it is NCG's policy that every NCG member and employee, officer, and director, must comply with antitrust laws.

   Antitrust laws prohibit agreements that unreasonably restrain trade, such as agreements between competitors that fix selling prices, limit supply, or allocate customers or territories. An "agreement" includes any formal written or oral understanding, or any informal, even "off-the-record" understanding.

   Members must not make anticompetitive agreements. For example:
   a. Retail prices. Members should not make agreements with each other as to the retail prices that they will each charge their customers. Each member must make its own independent pricing decisions.
   b. Products. NCG members should not make any agreements with each other to carry or not carry specific products or categories of products.
   c. Territory. NCG members should not make agreements with each other on the territories in which they will do business.
   d. Labor. NCG's members should not make agreements with other members to refrain from hiring each other's employees or to set maximum wages or other compensation that they will pay. Members should also seek legal advice before sharing information on salaries, wages, or other compensation.
   e. Non-NCG purchasing. NCG's members should not make any agreements with each other to refuse to deal with a supplier or to set maximum prices that they will agree to pay a supplier (other than in NCG programs or other legitimate group-purchasing arrangements).

   NCG-sponsored activities or meetings must not be used as a way for co-ops to reach any agreement that may violate antitrust laws. NCG's board, officers, or employees may stop any discussions that might be anti-competitive.

   This policy is not a complete statement of the antitrust laws. For more information, see FTC Guide to the Antitrust Laws including Dealing with Competitors. Members should consult their co-op's executive management and/or legal counsel about any antitrust concerns.

4. Indemnification. We hope that no lawsuits will arise related to membership or the services provided by NCG, but if someone files a claim or seeks discovery against NCG based on the services or products that a member has accessed under any NCG programs, that member will indemnify, defend and hold NCG harmless for that claim and for NCG's costs and attorney's fees defending itself. The member will not be responsible for such costs or fees if the claim against NCG results from NCG's own bad faith or gross negligence.

5. Security. Any amounts due to NCG from the member may be satisfied, in whole or part, by NCG from amounts due the member, base capital or membership patronage. The amount of base capital or membership patronage available for this purpose may be reduced for present value.

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6. Amendments. This agreement may be amended from time to time subject to review and input by member co-op DRs.
7. Controlling document. If any provisions of this agreement are inconsistent with any other documents previously executed in connection with membership in NCG, this agreement will control.
8. Waivers. This entire agreement will remain enforceable, even if a party previously chose to not enforce a certain provision.
9. Severability. If any part of this agreement is deemed invalid or unenforceable, the remaining parts shall continue in full force and effect.
10. Force majeure. NCG will not be liable nor deemed to have defaulted on any obligation under this agreement, if NCG's failure or delay results from acts beyond NCG's reasonable control. This includes (without limitation) situations such as: natural hazards outside human control; flood, fire or earthquake; war, alien invasion, explosion or hostilities (whether war is declared or not); terrorist threats or acts, riot, or other civil unrest; government order, law or action; actions, embargoes, or blockades; national or regional emergency; strikes, labor stoppages or slowdowns; and shortage of adequate power or transportation facilities.
11. Governing law. Minnesota state laws will apply to this agreement.
12. Disputes. We do not anticipate a dispute related to this agreement, but if one arises, the parties may file claims only in the state or federal courts located in Hennepin County, Minnesota. The successful party in the dispute will be entitled to collect the reasonable costs and fees it spent in connection with the action.

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Member Agreement

Member Co-op Board Resolution

IT IS HEREBY RESOLVED that the cooperative wishes to be and remain a full participating member of the National Cooperative Grocers Association (DBA National Co+op Grocers and herein referred to as NCG), and

FURTHER RESOLVED that the Board of Directors has authorized _____, the co-op's designated representative to NCG, to sign and abide by the NCG member agreement.

This resolution was approved at a meeting of the member co-op's Board of Directors, held on _____ (date).

_____	_____
Name of NCG member co-op	Name of Board Secretary - print
_____	_____
Date	Signature of Board Secretary

Please submit a signed copy of this page, along with the signature page signed by the co-op's designated representative (DR).

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Member Agreement

Signature Page

By my signature below, I acknowledge that I have been authorized to sign and abide by the NCG member agreement on behalf of this cooperative for the duration of the co-op's membership in NCG.

Name of NCG member co-op	Name of designated representative (DR) - print
Date	Signature of designated representative (DR)

Submit this signature page with a signed copy of the board resolution authorizing your signature on these documents.

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