

VINTNERS QUALITY ALLIANCE ONTARIO

Operating as:

ONTARIO WINE APPELLATION AUTHORITY

GENERAL BY-LAW NO. 1

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VINTNERS QUALITY ALLIANCE ONTARIO

GENERAL BY-LAW NO. 1

A By-Law relating generally to the transaction of the business and affairs of the Vintners Quality Alliance Ontario

BE IT ENACTED as a by-law of the Vintners Quality Alliance Ontario as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions. In this by-law and all other by-laws of VQA Ontario, unless the context otherwise requires:

“Act” means the *Not for Profit Corporations Act, S.O, 2010, c. 15* and the regulations enacted pursuant to it and any statutes or regulations that may be substituted therefor, as from time to time amended;

“Board” means the board of directors of VQA Ontario;

“By-laws” means this by-law and all other by-laws of VQA Ontario from time to time in force and effect;

“Director” means a director of the VQA described in Article 3;

“Elected Director” means an elected director described in section 3.2;

“Equity Share” means a share of a class of shares that carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing;

“Ex-officio Director” means an ex-officio director described in section 3.3;

“Ex-officio Member” means an ex-officio member of VQA Ontario described in section 7.4;

“Geographic Requirements” means the requirements applicable to Elected Directors which are set out in subsections 3.2(a), (b) and (c);

“Large VQA Class Winery” means a winery that sells annually 750,000 litres or more of VQA wine, or such other amount of VQA wine determined by the board from time to time and approved by the Members;

“Letters Patent” means the letters patent incorporating VQA Ontario, as from time to time amended and supplemented by supplementary letters patent or articles of amendment and any restated articles of incorporation;

“Meeting of Members” means an annual meeting of members or a general meeting of members;

“Member” means a Winery Member or an Ex-Officio member and “Members” means the collective membership of VQA Ontario;

“Mid-sized VQA Class Winery” means a winery that sells annually less than 750,000 litres but more than 100,000 litres of VQA wine, or such other amount of VQA wine determined by the board from time to time and approved by the Members;

“Minister” means the Minister responsible for the administration of the *Vintners Quality Alliance Act, 1999*,

“Rules” means rules within the meaning of section 5 of the *Vintners Quality Alliance Act, 1999*;

“Sells Annually” means sells in Ontario and outside Ontario during the financial year of VQA Ontario as set out in section 2.2;

“Small VQA Class Winery” means a winery that sells or intends to sell annually 100,000 litres or less of VQA wine, or such other amount of VQA wine determined by the board from time to time and approved by the Members;

“Special Resolution” means a resolution passed by at least two-thirds of the votes cast at a meeting;

“Viticultural Area” means a geographic area in Ontario defined in the Rules;

“VQA Ontario” means the corporation without share capital incorporated under the *Corporations Act* by letters patent dated November 26, 1998 and

named the “Vintners Quality Alliance Ontario” and operating as the Ontario Wine Appellation Authority;

“VQA Wine” means VQA wine as defined in the *Vintners Quality Alliance Act, 1999*;

“Winery Member” means a winery described in section 7.2.

1.2 Interpretation. This By-law, unless the context otherwise requires, shall be construed and interpreted in accordance with the following:

- (a) words importing the singular number include the plural and vice versa; words importing one gender includes all genders; words importing persons include individuals (natural persons), corporations, partnerships, trusts and unincorporated organizations;
- (b) the headings used in this By-law are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions;
- (c) in the event of any dispute, the intent or meaning of any word shall be that given to it by the Board; and
- (d) any reference in this By-law to any statute shall, unless otherwise expressly stated, be deemed a reference to such statute as the same may from time to time be amended, restated, re-enacted or replaced.

ARTICLE 2

BUSINESS OF VQA ONTARIO

- 2.1 Corporate Seal. Until changed, the corporate seal of VQA Ontario shall be in the form impressed on this page.
- 2.2 Registered Office. Until changed by Special Resolution, the registered office of the VQA Ontario shall be in the City of Toronto, in the Province of Ontario.
- 2.3 Financial Year. Until otherwise changed by Special Resolution of the Board, the financial year of VQA Ontario shall end on March 31 in each year, and commence April 1.

- 2.4 Execution of Instruments. Deeds, transfers, licenses, assignments, contracts, obligations, certificates and other instruments and engagements with a value of over \$10,000 may only be signed on behalf of VQA Ontario by any two officers together. Notwithstanding the foregoing, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any person authorized to sign an instrument on behalf of VQA Ontario may affix the corporate seal to it.
- 2.5 Banking Arrangements. The banking business of VQA Ontario shall be transacted with such banks, trust companies or other financial institutions as may from time to time be designated by or under the authority of the Board. Banking business or any part of it shall be transacted under the agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.
- 2.6 Borrowing Arrangements. The Board may from time to time:
- (a) borrow money on the credit of VQA Ontario;
 - (b) issue, sell or pledge securities of VQA Ontario;
 - (c) charge, mortgage, hypothecate or pledge all or any of the property of VQA Ontario, including book debts and unpaid calls, rights, powers, franchises and undertaking to secure any securities or any money borrowed, or other debt, or any other obligations or liability of VQA Ontario;
 - (d) delegate the powers under this clause to an officer or officers of VQA Ontario as the board considers appropriate.
- 2.7 Facsimile Signatures. The signature of any Director or officer may be printed, engraved or otherwise mechanically reproduced in facsimile under such conditions as the Board may authorize and such signature shall have the same force and effect as if signed in the handwriting of such Director or officer.

ARTICLE 3

DIRECTORS

3.1 Board of Directors. The affairs of VQA Ontario shall be managed by a board of 13 Directors being those Elected Directors referred to in section 3.2 and those Ex-officio Directors referred to in section 3.3. Despite vacancies on the Board, the remaining Directors may continue to act if they still constitute a quorum.

3.2 Elected Directors. The Directors shall include nine individuals elected by Members, consisting of at least:

- (a) One individual associated with a Winery Member located in the Viticultural Area of the Niagara Peninsula.
- (b) One individual associated with a Winery Member located in the Viticultural Area of Prince Edward County.
- (c) One individual associated with a Winery Member located in the Viticultural Area of Lake Erie North Shore (subsections 3.2(a), (b) and (c) are collectively the “Geographic Requirements”).
- (d) Three individuals, each of whom is associated with a Winery Member who is a Large VQA Class Winery.
- (e) Three individuals, each of whom is associated with a Winery Member who is a Mid-sized VQA Class Winery.
- (f) Three individuals, each of whom is associated with a Winery Member who is a Small VQA Class Winery (subsections 3.2(d), (e) and (f) are collectively the “Size Requirements”).

The same individual may satisfy both one of the Geographic Requirements and part of one of the Size Requirements, such that there shall be nine total elected Winery Members on the Board.

For the purposes of this By-law, an individual shall be deemed to be associated with a Winery Member if that individual:

- (i) is a shareholder, owner, director, officer, or employee of either that Winery Member; and
- (ii) declared prior to their election that they were associated with that Winery Member.

In this section, “Niagara Peninsula”, “Prince Edward County”, and “Lake Erie North Shore” have the meanings set out in Table 1 of Ontario Regulation 406/00.

- 3.3 Ex-officio Directors. The four Ex-officio Members referred to in section 7.4 shall be Ex-officio Directors. Ex-officio Directors shall declare any association with any Winery Member of VQA Ontario.
- 3.4 Administer Affairs. The Board shall manage and administer the affairs of VQA Ontario in all things, and may perform or direct the performance of all such acts as may be necessary or of advantage to the attainment of the objects and proper operation of VQA Ontario and may make or cause to be made for VQA Ontario, in its name, any kind of contract which VQA Ontario may lawfully enter into and, save as hereinafter provided, generally, may exercise all such other powers and do all such other acts and things as VQA Ontario is by its Letters Patent or otherwise may from time to time consider proper and appropriate, subject to the Act and to the Letters Patent and by-laws of VQA Ontario.
- 3.5 Suspension of Office. The position of an individual as a Director on the Board shall automatically be suspended if the Winery Member with whom that Director is associated has been suspended as a Member, and that individual person shall not attend or vote at any meeting of the Board until the suspension of the Winery Member with whom that Director is associated is no longer in effect.
- 3.6 Disqualification, Withdrawal and Removal. A director ceases to hold office if:
- (a) the Director makes an assignment under the *Bankruptcy and Insolvency Act* (Canada) or a receiving order is made against the Director.
 - (b) the Director becomes of unsound mind or is judged by a qualified medical practitioner to be mentally incompetent or incapable of managing their affairs;
 - (c) the Director dies;
 - (d) by notice in writing to VQA Ontario, the Director resigns their office (which resignation shall be effective at the time it is received by the President or Secretary, or otherwise in accordance with its term, whichever is later);

- (e) in the case of an Elected Director, the Members, by ordinary resolution passed at a meeting of the Members, remove the Director before the expiration of the Director's term of office;
- (f) the Winery Member with which that Director is associated has ceased to be a Winery Member or the Director ceases to be associated with that Winery Member; or
- (g) in the case of an Ex-officio Director, the Director ceases to hold the position by virtue of which they qualify to be an Ex-officio Director.

3.7 Vacancies. Subject to the Letters Patent, a vacancy on the Board howsoever caused, may be filled for the remainder of its term of office either by the Members at a Meeting of Members called for the purpose or, provided the remaining Directors constitute a quorum, by the Board, or at the next annual Meeting of Members at which Directors are elected.

3.8 Term and Elections.

(a) Each individual elected to the Board shall be elected for a term expiring at the close of the third annual meeting following their election or until their successor is elected unless:

- (i) any such Director was elected to complete the unexpired term of a former Director, in which case such Director shall be elected for the remainder of such term; or
- (ii) prior to the annual meeting at which such individual is elected as a Director, the Board determines that, in the interests of providing for a staggered Board, the individual should be elected for a term expiring at the end of the first or second annual meeting following their election.

(b) Each rotation of three Elected Directors shall include one Director elected from a Large VQA Class Winery, one from a Mid-sized VQA Class Winery, and one from a Small VQA Class Winery. Where the sales of a winery change so that the winery falls into a different VQA class of winery while a Elected Director that is associated with that winery is in office, the Director shall be deemed to continue to be associated with that class of winery for which they were elected until the Elected Director's term expires or is otherwise terminated in accordance with this By-law.

(c) Where a Winery Member or Ex-officio Member holds more than 25% of the Equity Shares, whether voting or non-voting, of any other Winery Member

or Members, only one representative from such related Winery Members may be elected to the Board.

(d) At each annual meeting at which Directors are elected, individuals who are eligible to be Elected Directors may be nominated by Members to stand for election as Elected Directors in compliance with the Board-approved nomination policy in place from time to time.

(e) All Members in good standing are entitled to nominate Directors for election to the Board. An individual may not nominate themselves or be nominated by an individual from the Winery Member with which they are associated or a related Winery Member.

(f) An individual shall declare prior to the election in which they have been nominated for election the Winery Member with whom they are associated. An individual may only declare at that time that they are associated with one Winery Member.

(g) At each annual meeting at which Directors are elected, each Member shall be entitled to cast one vote for a representative of a Large VQA Class Winery, one vote for a representative of a Mid-sized VQA Class Winery, and one vote for a representative of a Small VQA Class Winery.

(h) At each annual meeting at which three Directors are elected, the following individuals shall be elected as Directors in this order:

- (i) The first individual elected shall be the nominee who receives the most votes and whose election is consistent with the Geographic Requirements and Size Requirements.
- (ii) The second individual elected shall be the nominee who receives the most votes and whose election is consistent with the Geographic Requirements and Size Requirements, after the election of the nominee in subsections (i).
- (iii) The third individual elected shall be the nominee who receives the most votes and whose election is consistent with the Geographic Requirements and Size Requirements, after the election of the nominees in subsections (i) and (ii).

If no individual satisfies the Geographic Requirements and Size Requirements as set out in subsections 3.2(c) and (f), the Board position shall remain vacant until filled in accordance with section 3.7.

- 3.9 Consecutive Terms. Directors may be elected for consecutive terms.
- 3.10 Nomination Committee. The Board shall establish a Nomination Committee responsible for consulting Members of the Large VQA Class Wineries, the Mid-sized VQA Class Wineries and the Small VQA Class Wineries and identifying nominees from each of those winery classes. The Board shall designate a Chair of the Nominations Committee and shall ensure that there is a representative from a Large VQA Class Winery, a representative from a Mid-sized VQA Class Winery and a representative from a Small VQA Class Winery on the committee.
- 3.11 Standards Development Committee. The Board shall establish a Standards Development Committee responsible for making recommendations to the Board on Rules or modifications of Rules. The Board shall designate a Chair of the Standards Development Committee and shall ensure that there is a representative from a Large VQA Class Winery, a representative from a Mid-sized VQA Class Winery and a representative from a Small VQA Class Winery on the committee.
- 3.12 Executive Committee. The Board may establish an Executive Committee which shall exercise such powers as are authorized by the Board. A member of the Executive Committee may be removed by resolution passed by a majority vote of the Board. The Board shall by resolution establish the number of Executive Committee members required for a quorum for the transaction of business by the Executive Committee.

ARTICLE 4

MEETINGS OF DIRECTORS

- 4.1 Meetings of the Board. Meetings of the Board shall be held from time to time at the call of either the Chair, the President or not less than one-third of the Directors. Notice of the time and place of every meeting so called shall be given to each Director not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time when the meeting is to be held, except that no notice of a meeting shall be necessary if all the Directors are present or if those absent waive notice of or otherwise signify their consent to such meeting being held.

- 4.2 First Meeting of New Board. Provided a quorum of Directors is present, each newly elected Board may without notice hold its first meeting immediately following the Meeting of Members at which such board is elected.
- 4.3 Regular Meetings. The Board may appoint a day in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the Board so fixing the place and time of regular meetings of the Board shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such regular meeting.
- 4.4 Place of Meetings. Meetings of the Board shall be held at the Registered Office of VQA Ontario or elsewhere in Ontario or, if the Board so determines, at some place outside Ontario.
- 4.5 Electronic Participation. Subject to terms of the Act and the common law, if all the Directors consent, a meeting of Directors may be held by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to hear each other simultaneously and instantaneously and a Director participating in such meeting by such means is deemed to be present at that meeting.
- 4.6 Quorum. A majority of the Board shall constitute a quorum as long as there are at least five Directors elected from Winery Members present and such that there is at least one Director representing a Large VQA Class Wineries, one Director representing Mid-sized VQA Class Wineries and one Director representing Small VQA Class Wineries, and at least one Ex-officio Director.
- 4.7 Persons Entitled to be Present. The only persons entitled to attend a meeting of directors shall be the Directors, and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Letters Patent or By-laws to be present at a meeting. Any other person may be admitted only on the invitation of the Chair or with the consent of the meeting.
- 4.8 Votes to Govern. At all meetings of the Board every question shall be determined by a majority of the votes cast on the motion. In case of any equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote. Voting may be by a show of hands unless a ballot is demanded by any Director. A declaration by the Chair that a resolution has been carried and an entry to that effect in the minutes shall be admissible in evidence as *prima facie* proof of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. No Director may vote by proxy at any meeting of the Board.

- 4.9 Resolution in Writing. A written resolution signed by all the Directors eligible to vote on the resolution shall be valid and effective as if passed at a meeting of the Board duly called, constituted and held for that purpose.
- 4.10 Errors in Notice. The accidental omission to give notice to any Director or the non-receipt of any notice by a Director or an error in any notice not affecting the substance thereof shall not invalidate any action taken at or resulting from a meeting held pursuant to such notice.
- 4.11 Powers. The Board shall have full power with respect to all affairs of VQA Ontario and no by-law or resolution passed or enacted by the Board, or any other action taken by the Board, requires confirmation or ratification by the Members in order to become valid or to bind VQA Ontario, unless such confirmation or ratification is required by the Act.
- 4.12 Delegated Authority. Where action is required to be taken urgently at a time when a meeting of the Board cannot be conveniently convened, authority rests either with the Executive Committee, if there is one, or with the Chair in consultation with other officers.
- 4.13 Remuneration. No remuneration shall be paid to a Director, except any remuneration that may be due to a Director by virtue of the fact that the Director is an employee of VQA Ontario.
- 4.14 Special Remuneration. The Directors may by resolution award special remuneration to any Director in undertaking any special services on VQA Ontario's behalf other than normal work ordinarily required of a director of a corporation.
- 4.15 Expenses. The Directors, officers and employees shall be entitled to be paid their travel and other reasonable out-of-pocket expenses properly incurred by them in performance of their duties, including attending meetings of the Board and any committee thereof or meetings of Members in connection with the affairs of VQA Ontario.
- 4.16 Validity of Actions. No act or proceeding of any Director 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 qualifications of such Director or the Board.

ARTICLE 5

OFFICERS

- 5.1 Corporate Officers. The Board shall, not less than annually, elect a Chair and President from among themselves. In addition, the Board shall appoint a Secretary and such other officers as the Board may determine from time to time, none of whom are required to be Directors. One individual may hold more than one office. Each officer will hold office until removed by the Board or until their successor is elected or appointed. The remuneration of such officers, if any, shall be established by resolution of the Board from time to time.
- 5.2 Duties of Officers may be Delegated. In case of the absence or inability to act of any officer of VQA Ontario or for any other reason that the Board may deem sufficient, the Board may delegate all or any of the powers of any such officer to any other officer or to any Director for the time being.
- 5.3 Powers and Duties. All officers shall sign such contracts, documents or instruments in writing as require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the Board. The duties of such of the following officers as may be elected from time to time, shall include:
- (a) Chair of the Board. The Chair shall be elected as such from among the Directors. The Chair shall, when present, preside at all meetings of the Board and the Members. The Chair shall set the agenda for meetings of the Board, shall liaise between the Board and the Executive Director of VQA Ontario and perform such other duties as may be assigned by the Board.
 - (b) Vice-Chair. If the Chair is absent or is unable to act, the Vice-Chair, if any, shall, when present, preside at all meetings of the Board and the Members.
 - (c) President. Unless otherwise determined by resolution of the Board, the President shall perform any or all duties customarily borne by a president of a corporation such as VQA Ontario as well as such other duties as may be assigned by the Board.

- (d) Secretary. The Secretary shall give or cause to be given notices for all meetings of the Board, its committees, if any, and of Members when directed to do so, and shall be the custodian of the corporate seal of VQA Ontario, the minute books of VQA Ontario and of the documents, books papers, records and other instruments belonging to VQA Ontario.
- (e) Treasurer. The Treasurer shall keep or cause to be kept an accurate account of all receipts and disbursements of VQA Ontario in proper books of account and shall deposit or shall cause to be deposited all monies or other valuable effects in the name and to the credit of VQA Ontario in such bank or banks as may be designated from time to time by the Board. The Treasurer shall disburse or cause to be disbursed the funds of VQA Ontario under the direction of the Board, receiving proper vouchers therefor and render to the Board at its regular meetings or whenever required, an account of all transactions as Treasurer, and of the financial position of the VQA Ontario.
- 5.4 Agents and Employees. The Board may appoint such agents and engage such employees as it shall deem necessary from time to time and such persons shall have such authority and shall perform such duties as shall be prescribed by the Board, including in the case of the Executive Director, investigators or inspectors appointed under the *Vintners Quality Alliance Act, 1999*, exercising such statutory authority as has been properly delegated by the Board. The Executive Director or any investigator or inspector appointed under the *Vintners Quality Alliance Act, 1999* shall not be an employee or member of a trade association, individual winery or any other body that represents grape, wine or liquor manufacturers.

ARTICLE 6

PROTECTION OF DIRECTORS AND OFFICERS

- 6.1 Limitation of Liability. No Director, officer or employee of VQA Ontario shall be liable for acts, receipts, neglects or defaults of any other Director, officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to VQA Ontario through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of VQA Ontario, or for the insufficiency or deficiency of any security in or upon which any of the monies of VQA Ontario shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any of the monies, securities or effects of VQA Ontario shall be deposited, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of their office or in

relation thereto unless the same are occasioned by their own willful neglect or default.

- 6.2 Indemnity. Every Director, officer or employee of VQA Ontario or other person who has undertaken or is about to undertake any liability on behalf of VQA Ontario or any company controlled by it and their heirs, executors and administrators and estate and effects, respectively, shall from time to time at all times be indemnified and saved harmless out of the funds of VQA Ontario from and against:
- (a) all costs, charges and expenses whatsoever that such Director, officer, employee or other person sustains and incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against them for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by them in or about the execution of the duties of their office; and
 - (b) all other costs, charges and expenses that they sustain or incur in or about or in relation to the affairs of VQA Ontario, except such costs, charges or expenses as are occasioned by their own willful neglect or default.
- 6.3 Directors' Reliance. Any Director may rely upon the accuracy of any statement or report prepared by VQA Ontario's auditors and shall not be responsible or held liable for any loss or damage resulting from acting upon such statement or report.

ARTICLE 7

MEMBERS

- 7.1 Members. The Members shall consist of the Winery Members that meet the criteria set out in section 7.2 and the Ex-officio Members referred to in section 7.4.
- 7.2 Winery members. The Winery Members shall consist of all Large VQA Class Wineries, Mid-sized VQA Class Wineries, and Small VQA Class Wineries that have applied for and been granted membership in VQA Ontario, and whose membership has not been suspended or terminated pursuant to this By-Law.

7.3 Application to become a Winery Member. A winery may apply to become a Winery Member of VQA Ontario and shall be granted such membership if that winery:

- (a) has applied to VQA Ontario in a form provided by VQA Ontario, which application shall require the winery to acknowledge that the winery is responsible for understanding and abiding by the requirements of the *Vintner's Quality Alliance Act, 1999*, the Rules and regulations thereunder and by-laws of VQA Ontario, and which application may require the winery to give such other undertakings and acknowledgments as VQA Ontario may deem appropriate;
- (b) has paid the required fees to VQA Ontario as established by the Board;
- (c) holds a manufacturer's licence under section 3 of the *Liquor Licence and Control Act* and have provided proof satisfactory to the Board that the winery is a holder of such a licence; and
- (d) is not in default of their obligations to VQA Ontario or otherwise ineligible to be a Member of VQA Ontario under this By-law.

The class of winery will be determined based on sales during the most recent 12-month period for which volume statements are available from VQA Ontario records or from the Liquor Control Board of Ontario.

An individual who signs an application form for membership in VQA Ontario on behalf of a Winery Member shall be an owner, officer or director of the winery.

7.4 Ex-officio members. The Ex-Officio Members shall consist of the following individuals:

1. A senior official or other individual approved by the Minister;
2. A director or officer of the Ontario Restaurant, Hotel and Motel Association representing licensed establishments;
3. A director of the Ontario Grape Growers Marketing Board designated by the Ontario Grape Growers Marketing Board.
4. The immediate Past-Chair of the Board.

7.5 Privileges of membership. Members shall be entitled to all of the rights and privileges granted to them this By-law, the *Vintners Quality Alliance Act, 1999*, and the Regulations and Rules enacted thereunder, on the terms set out therein.

7.5.1 Suspension of membership. A membership in VQA Ontario is suspended,

- (a) if the Member has not paid the required fees to VQA Ontario as established by the Board when they are due or has not paid any other costs or charges payable to VQA Ontario that relate to the administration of the *Vintners Quality Alliance Act, 1999* and the regulations thereunder within twenty (20) business days following the issuance of a notice to the Member by VQA Ontario that such fees, costs or charges are due; or
- (b) if VQA Ontario receives notice from the Alcohol and Gaming Commission of Ontario that the Member's manufacturer's licence under the *Liquor Licence and Control Act* has been suspended; or
- (c) if the Member is in breach of a compliance order issued under section 9 of the *Vintners Quality Alliance Act, 1999* and the time for appeal of the compliance order under that Act has expired or upon an appeal being heard the compliance order has been upheld.

7.5.2 Term of suspension. A Member suspended under,

- (a) clause (a) of section 7.5.1, shall remain suspended until the outstanding fees, costs, charges, and any interest charges thereon, are paid and the Member is notified in writing by the VQA Ontario that the suspension of the Member has been lifted;
- (b) clause (b) of section 7.5.1, shall remain suspended until the suspension of the manufacturer's licence by the Alcohol and Gaming Commission of Ontario has been lifted; or
- (c) clause (c) of section 7.5.1, shall remain suspended until an inspector under the *Vintners Quality Alliance Act, 1999* considers the compliance order to be fulfilled and the inspector issues a notice of such to the Member.

7.5.3 Termination of membership. Membership in VQA Ontario is not transferable and in the case of a Winery Member, terminates if any of the following occurs:

- (a) the Winery Member's manufacturer's licence is terminated for any reason by the Alcohol and Gaming Commission of Ontario;
- (b) the Member fails to provide records and information required by VQA Ontario;
- (c) where a Winery Member has been suspended for non-payment of the required fees to VQA Ontario as established by the Board or any other costs or charges payable to the VQA Ontario that relate to the administration of the *Vintners Quality Alliance Act, 1999* and the regulations thereunder, such fees, costs, charges, and any interest charges thereon remain unpaid for a period of ninety (90) days from the date the Winery Member was suspended as a member of VQA Ontario;
- (d) if the Winery Member has been subject to three (3) compliance orders under subsection 9 (1) of the *Vintners Quality Alliance Act, 1999* within any twelve (12) month period and the time for appeal of the compliance orders under that Act has expired or upon an appeal being heard the compliance orders have been upheld; or
- (e) if the Winery Member has been convicted of an offence under section 10 of the *Vintners Quality Alliance Act, 1999* and, following conviction, continues to engage in the conduct in respect of which they were convicted.

7.5.4 Resignation. A Member may resign as a Member by giving VQA Ontario one month's notice in writing of its intention to do so, which notice may be waived by VQA Ontario. Any amounts owing by a Member to VQA Ontario as of the effective date of the resignation continue to be owing by the Member to VQA Ontario.

7.5.5 Expired membership. The membership of a Member who does not complete the required renewal process, including payment of applicable fees, is terminated effective on the date the membership was due for renewal.

- 7.5.6 Lapse of membership. A membership in VQA Ontario shall be terminated if the Member has not sold any VQA approved wines during any consecutive period of 18 months.
- 7.5.7 Consequences of termination. Where a membership of a Winery Member in VQA Ontario has been terminated for any reason, the winery, as of the date of termination, shall not be entitled to use terms, designations and descriptions regulated under the *Vintners Quality Alliance Act, 1999*, and that winery shall not have any of the rights of a Winery Member under this By-law.
- 7.5.8 Consequences of suspension. Where a membership of a Winery Member in VQA Ontario has been suspended for any reason, the winery, as of the date of suspension, shall not be entitled to use terms, designations and descriptions regulated under the *Vintners Quality Alliance Act, 1999*, and that winery shall not have any of the rights of a Member Winery under this By-law, until such time as the suspension is lifted pursuant to section 7.5.2 of this By-law.
- 7.6 Notice of suspension or termination. Where VQA Ontario intends to suspend or terminate the membership of a Winery Member, the Executive Director of VQA Ontario shall issue or cause to be issued a notice of suspension or revocation to the Member. A notice of suspension or termination shall state the reasons for the suspension or revocation, the effective date of the suspension or termination, the consequences of the suspension or termination and the procedures for appeal. The Executive Director shall give or cause to be given, a copy of the notice of suspension or termination to the Board, to the inspectors appointed under the *Vintners Quality Alliance Act, 1999*, the Alcohol and Gaming Commission of Ontario and the Liquor Control Board of Ontario. The Executive Director shall report to the Board at the next regularly scheduled meeting of the Board on the status of the Winer Member to whom the notice of suspension or termination has been issued and on the findings of any appeal of the suspension or termination.
- 7.7 Reapplication for membership.
- (a) Where a Winery Member's membership has been terminated under section 7.5.3, the winery may not apply for membership in VQA Ontario until at least twelve (12) months have elapsed from the date of the termination. Where a Winery Member has been revoked two or more times within a period of five (5) years or less, the Winery Member is not eligible for membership in VQA Ontario until at least five (5) years has elapsed from the date of termination.

- (b) Where a Winery Member's membership has lapsed under section 7.5.6, the winery may apply for membership. If a Winery Member does not obtain an authorization to use terms, descriptions or designations for VQA wines within 60 days of reinstatement the membership shall lapse.
- 7.8 Notice. A notice under Article 7 shall be provided to the Member by regular mail, fax or electronic means and shall be deemed to be delivered on the date of transmission or mailing, as the case requires.
- 7.9 Notice re Change in Equity Shares. Every Winery Member that is a corporation shall notify VQA Ontario in writing within 30 days after the issue or the entry of a transfer of any shares of its capital stock where such issue or transfer results in any shareholder that is a Winery Member, or that shareholder and any other shareholder that is a Winery Member associated with the shareholder, acquiring or accumulating at least 25 per cent of the total number of all issued and outstanding equity shares of such stock, or after such knowledge came to the attention of its officers or directors, whichever occurs first.
- 7.10 Calculation of Equity Shares. In calculating the total number of equity shares of the corporation beneficially owned or controlled for the purposes of this Article, the total number shall be calculated as the total of all the shares actually owned or controlled, but each share that carries the right to more than one vote shall be calculated as the number of shares equaling the total number of votes it carries.
- 7.11 Shareholders. For the purposes of section 7.9, a shareholder shall be deemed to be associated with another shareholder if,
- (a) one shareholder is a corporation of which the other shareholder is an officer or director;
 - (b) one shareholder is a partnership of which the other shareholder is a partner;
 - (c) one shareholder is a corporation that is controlled directly or indirectly by the other shareholder;
 - (d) both shareholders are corporations and one shareholder is controlled directly or indirectly by the same individual or corporation that controls directly or indirectly the other shareholder;

- (e) both shareholders are members of a voting trust where the trust relates to shares of a corporation; or
- (f) both shareholders are associated within the meaning of clauses (a) to (e) with the same shareholder.

ARTICLE 8

MEETINGS OF MEMBERS

- 8.1. Annual Meetings. The annual meeting of the Members shall be held at least once in every calendar year and not more than fifteen (15) months after the holding of the last preceding annual meeting.

At every annual meeting, in addition to any other business that may be transacted,

- (a) the financial statements and the report of the auditor shall be presented to the Members;
 - (b) vacancies on the Board shall be filled; and
 - (c) the auditor shall be appointed in accordance with Article 11 and the remuneration of the auditor shall be fixed or the Board shall be authorized to fix such remuneration.
- 8.2. General Meetings. Other meetings of the Members, the general nature of which shall be specified in the notice calling such meeting may be convened by order of the Board or the Chair. In addition, the Board shall call a general meeting of Members upon the deposit, at the Registered Office, of a written requisition signed by not less than one tenth (1/10th) of the Members. Such requisition shall set out the general nature of the business to be presented at the requisite meeting. In the event the Board does not call the meeting within twenty-one (21) days from the date of deposit of such requisition, any one of the Members who signed such requisition may call such meeting which shall be held within sixty (60) days from the date of the deposit of the requisition.
- 8.3. Place of Meetings. Meetings of Members shall be held at the Registered Office of VQA Ontario or elsewhere in the municipality in which the Registered Office is situated or, if the Board shall so determine, at some other place in Ontario.

- 8.4 Notice of Meetings. Written notice of the time and place of any meeting of the Members shall be given by pre-paid mail or delivery not less than ten (10) days and not more than fifty (50) before the meeting is to take place to each Member who, at the close of business on the record date for notice or, if no record date for notice is fixed, at the close of business on the day preceding the day on which notice is given, is entered in the register of Members. Notice of a general meeting of Members shall state the nature of the business to be transacted thereat in sufficient detail to permit a Member to form a reasoned judgment thereon. The auditor of VQA Ontario is entitled to receive all notices and other communications relating to any meetings of Members that any Member is entitled to receive. The statutory declaration of either the Chair or Secretary that notice has been given pursuant to this By-law shall be sufficient and conclusive evidence of the giving of such notice.
- 8.5 Meetings without Notice. A Meeting of Members may be held at any time and place without notice if all the Members entitled to vote are present in person or represented by proxy, or if those not present or represented by proxy either before or after the meeting waive notice or otherwise consent to such meeting being held, and at such meeting any business may be transacted which VQA Ontario at a Meeting of Members may transact provided that a quorum of the Members is present.
- 8.6 Persons Entitled to be Present. The only persons entitled to attend a Meeting of Members shall be the Members, the auditors of VQA Ontario and others who, although not entitled to vote, are entitled or required under any provision of the Act or the letters patent or By-laws to be present at such a meeting. Any other person may be admitted only on the invitation of the Chair or with the consent of the meeting.
- 8.7 Quorum A quorum for the transaction of business at any Meeting of Members shall consist of not less than 2 individuals in person and representing in person or by proxy not less than 15 Members, which must include at least one individual each representing a Large VQA Class winery, a Medium VQA Class Winery, a Small VQA Class Winery and at least one Ex-officio Member. No business shall be transacted at any Meeting of Members unless a quorum is present at the commencement of the meeting.
- 8.8 Right to Vote. At any Meeting of Members every Member shall be entitled to one vote and they may vote by proxy.
- 8.9 Votes to Govern. At any Meeting of Members every question shall, unless otherwise required by the Act, Letters Patent or By-laws, be determined by a majority of the votes duly cast on the motion.

8.10 Proxies. Votes at a Meeting of Members may be given either personally or by proxy. A person appointed by proxy does not need to be a Member. A proxy shall be executed by the Member or the Member's attorney authorized in writing. At every meeting at which a Member is entitled to vote, every Member and every person appointed by proxy to represent one or more Members who is present in person shall have one vote on a show of hands. Upon a poll and subject to provisions, if any, of the Letters Patent, every Member who is entitled to vote at the meeting and who is present in person or represented by an individual so authorized shall have one vote and every person appointed by proxy shall have one vote for each Member who is entitled to vote at the meeting and who is represented by such proxy.

8.11 Deposit of Proxies.

- (a) The Board may from time to time make policies regarding the deposit of proxies at some place or places other than the place at which a meeting or adjourned Meeting of Members is to be held and for particulars of such proxies to be sent by facsimile or in writing for the meeting or adjourned meeting to VQA Ontario or any agent of VQA Ontario for the purpose of receiving such particulars and providing that proxies so deposited may be voted upon as though the proxies themselves were produced at the meeting or adjourned meeting and votes given in accordance with such policy shall be valid and shall be counted.
- (b) Proxies shall be deposited at least 48 hours (excluding Saturdays and holidays), before the meeting for which the proxy will be used.
- (c) The Chair of any Meeting of Members may, subject to any policies made aforesaid, in the Chair's discretion accept facsimile (including electronic copies) or written communication as to the authority of any person claiming to vote on behalf and to represent a Member notwithstanding that no proxy conferring such authority has been deposited with VQA Ontario, and any votes given in accordance with such facsimile or written communication accepted by the Chair of the meeting shall be valid and shall be counted.

8.12 Show of Hands. Every question at a Meeting of Members shall be decided by a show of hands unless, after a show of hands, a poll thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a poll thereon is so required or demanded, a declaration by the Chair of the meeting 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 shall be *prima facie* evidence of the fact without proof of the number or proportion of the 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.

- 8.13 Polls. After a show of hands has been taken on any question, the Chair may require, or any person entitled to vote on the question may demand, a poll thereon. A poll so required or demanded shall be taken in such manner as the Chair shall direct. A demand for a poll may be withdrawn at any time prior to the taking of the poll. Upon a poll, each member present in person or represented by proxy and entitled to vote shall have one vote and the result of the poll shall be the decision of the members upon the said question.
- 8.14 No Casting Vote. In case of an equality of votes at any Meeting of Members either upon a show of hands or upon a poll, the Chair of the meeting shall not be entitled to an additional or casting vote.
- 8.15 Chair, Secretary at Meetings of Members. The Chair of the Board, or in their absence the Vice-Chair of the Board, shall preside as Chair at all Meetings of the Members. If both such persons are absent fifteen minutes after the time fixed for holding a Meeting of Members, the Members present shall choose one of their number to be chair. The Secretary shall act as Secretary of the meeting. In the Secretary's absence, the Chair shall appoint such person to act as Secretary of the meeting.
- 8.16 Adjournment. The chair of any Meeting of the Members or of the board may with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place and such business may be transacted at such adjourned meeting as might have been transacted at the original meeting from which such adjournment took place and such adjournment may be made notwithstanding that no quorum is present. No notice shall be required of any such adjournment.
- 8.17 Resolution in Writing. Any resolution signed by all the Members in writing without their meeting together shall be valid and effective as if passed at a Meeting of the Members duly called, constituted and held for that purpose.

ARTICLE 9

RESTRICTION ON DIRECTORS, OFFICERS AND MEMBERS

- 9.1 Conflicts of Interest. Every Director or officer who is in any way directly or indirectly interested in a proposed contract or a contract with VQA Ontario or in any other matter that may create a conflict of interest with respect to any fiduciary duty or standard of care owing to VQA Ontario, shall declare their interest at a meeting of the Directors. A general notice given to the Directors by a Director or officer to the effect that they are a shareholder of or otherwise interested in any other company, or is a member of a specified firm and is to be regarded as interested in any contract made with such other company or firm, shall be deemed to be a sufficient declaration of interest in relation to a contract so made, but no such notice is effective unless it is given at a meeting of the Directors or the Director or officer takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.
- 9.2 Additional Restriction. VQA Ontario shall not knowingly, directly or indirectly, purchase from or lend money to any Directors, officers or Members, or any persons who are in a non-arms-length relationship with the Directors, officers or Members. This section does not restrict the reimbursement to an officer, Director or Member of any reasonable expenses related to the hosting of a meeting of VQA Ontario at the premises of a Member or the provision of services to VQA Ontario by an officer, Director or Member provided that such services do not relate to the duties of the person as an officer or Director.
- 9.3 Code of Conduct. Directors shall adhere to a Code of Conduct as adopted by the Board from time to time.

ARTICLE 10

NOTICES

- 10.1 Notice. Whenever under the provisions of the By-laws, notice is required to be given, unless otherwise provided herein, such notice may be given either personally or by electronic means or depositing same in a post office or a public letterbox, postage prepaid, addressed to the Director, officer or Member at such person's address as the same last appears on the books of VQA Ontario. A notice or other document so sent by post shall be deemed to be given at the time and when the same was so deposited, or delivered by electronic means shall be deemed to be given when the same was transmitted. A declaration by the Secretary or the Chair that any such notice has been given

pursuant to this By-law shall be sufficient and conclusive evidence of the giving of such notice. Any person entitled to receive such notice may waive such notice either before or after the meeting to which such notice refers.

- 10.2 Computation of Time. In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.
- 10.3 Omissions and Errors. The accidental omission to give any notice to any Member, Director, officer or auditor or the non-receipt of any notice by any Member, Director, officer or auditor or any error in any notice not affecting the substance thereof of any meeting or any adjourned meeting shall not invalidate such meeting or any action taken at any meeting held pursuant to such notice or otherwise founder thereon.
- 10.4 Waiver of Notice. Any Member, Director, officer or auditor may waive any notice required to be given to them under any provision of the Act, the Letters Patent, the By-laws or otherwise and such waiver, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in giving such notice.

ARTICLE 11

AUDITORS

- 11.1 Auditors. The Members shall at each annual meeting, appoint an auditor to audit the accounts of VQA Ontario and to hold office until the next annual meeting, provided that the Directors may fill any casual vacancy in the office of the auditor.

ARTICLE 12

BY-LAW

- 12.1 Procedure. The Directors may by resolution make, amend or repeal any by-law that regulates the activities or affairs of VQA Ontario. The Directors shall submit the By-law, amendment or repeal to the Members at the next meeting of the Members, and the Members may confirm, reject or amend the by-law, amendment or repeal.
- 12.2 Effect of Repeal of By-laws. The repeal of any By-law in whole or part shall not in any way affect the validity of any act done or right, privilege, obligation

or liability acquired or incurred thereunder prior to such repeal. All Directors, officers of VQA Ontario and other persons acting under any By-law repealed in whole or part shall continue to act as if elected or appointed under the provisions of this By-law.

12.3 Effective Date. This By-law is in full force and effect as of June 14, 2024.

Approved by the Board on: June 14, 2024.

Secretary

Approved by the Members on: July 9, 2024.

Secretary