

## **BYLAWS OF THE SWEATFREE PURCHASING CONSORTIUM**

### **ARTICLE I. NAME AND PURPOSE**

**Section 1.01. Name.** The name of the Corporation is Sweatfree Purchasing Consortium, Inc. (hereafter the “Corporation” or the “Consortium”).

**Section 1.02. Mission.** The mission of the Sweatfree Purchasing Consortium is to end public purchasing from sweatshops and help its members make sweatfree purchases more effectively and less expensively than any single one could accomplish on its own.

**Section 1.03. Purpose.** The Sweatfree Purchasing Consortium is organized exclusively for educational and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, including the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code. The nature of the activities to be conducted, or the specific purposes to be promoted or carried out by the Corporation, are as follows:

To coordinate and represent public officials and others who seek to ensure that taxpayer dollars are not spent on products made in sweatshops. The Corporation intends to serve as a coordinating body and resource center for public entities and other organizations that share this goal, sharing information and providing forums for collaboration in order to improve the economy and efficiency of procurement policies designed to eliminate sweatshop labor from supply chains.

### **ARTICLE II. OFFICES**

The Corporation’s initial principal office shall be in Bangor, Maine.

### **ARTICLE III. MEMBERS**

**Section 3.01. Public Members.** The Board of Directors or its designated agent may grant membership to any state, city, county, local government agency, public school district, or federal government agency in the United States that procures apparel or other relevant products or services, supports the Mission and Purpose of the Corporation, pays the annual dues as set by the Board, and meets any additional membership requirements as determined by the Board. Public Members may be designated as Entry-Level Members if they have not yet adopted a sweatfree procurement policy. Entry-Level Members are not eligible to serve on the Board of Directors, except during the Corporation's initial period of operation, a period which shall be defined by the Board. Entry-Level Members may be assessed special entry-level dues, as determined by the Board.

**Section 3.02. Nonprofit Members.** The Board of Directors may establish a Nonprofit Membership Class class for nonprofit entities, and shall determine the membership responsibilities of Nonprofit Members.

**Section 3.03. Termination of Membership.** The Board of Directors may, by a majority vote of those present at any regularly constituted meeting of the Directors, terminate the membership of any Member that becomes ineligible for membership, or suspend or terminate the membership of any Member that is in default in the payment of dues. Notwithstanding the foregoing, a membership may not be terminated or suspended, except for nonpayment of dues or fees, unless the Member is given:

1. not less than fifteen (15) days prior written notice of the proposed suspension or termination, and the reasons for it; and
2. a reasonable opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of the suspension or termination, at the meeting in which the proposed suspension or termination is to be considered by the Board.

**Section 3.04. Resignation.** Any Member may resign by filing a written resignation with the Secretary; however, such resignation shall not relieve the member so resigning of the obligation to pay any dues or other charges theretofore accrued and unpaid. Such resignations shall take effect at the time specified therein, and, unless required by the terms thereof, the acceptance of such resignation shall not be necessary to make it effective. Once delivered, a notice of resignation is irrevocable unless permitted by the Board of Directors.

**Section 3.05. Rejoining the Corporation.** Any Member that has resigned its membership may at a later day rejoin the Corporation at the membership level held when it was last a Member.

**Section 3.06. Dues.** Dues shall be determined by the Board of Directors. The Board of Directors shall establish an annual dues structure that is fair to all Members and adequate for the Consortium's operations. The membership year may vary for each Member. The Board, in consultation with Members, shall from time to time reevaluate the dues provisions.

**Section 3.07. Payment of Dues for New Members.** Annual dues for new Members are payable on or before the date upon which application for membership is approved. In instances where membership is denied, payment of dues will be returned to the unsuccessful applicant.

**Section 3.08. Membership Meetings.**

(a) Regular Membership Meetings. Regular meetings of the Members may be held at such time and place as the Board of Directors may determine.

(b) Special Membership Meetings. Special Meetings of the Members may be called at any time by the President, by the Board of Directors, or by petition in writing signed (in counterparts or otherwise) by not fewer than ten percent (10%) of the Members of the Corporation entitled to vote and filed with the Secretary. Thirty (30) days written notice as to the time, place, and

subject matter of of the Special Meeting must be given to all voting Members. At such Special Meetings no business shall be transacted which is not specified in the notice of the meeting.

(c) Annual Meetings. There shall be an Annual Membership Meeting, held at a time and place determined by the Directors.

(d) Conference Call Meetings. All meetings of the Members may be held in whole or in part by conference call or similar communications equipment whereby all Members can simultaneously hear one another, and such participation in a meeting pursuant to this subsection shall constitute the presence in person at such meeting.

(e) Quorum. At any meeting of the Members, ten percent (10%) of the Members present in person shall constitute a quorum, except when a larger quorum is required by law. Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, a majority of the votes properly cast by Members shall decide any question.

**Section 3.09. Number Required for Action by Members.** Except where a larger portion or number is required by law or by these bylaws, the Members may take action by the affirmative vote of a majority of the Members present at a duly held meeting.

**Section 3.10. Voting Rights of Members.** Each Public Member in good standing shall have the right to vote for the Directors of the Corporation in accordance with Section 4.04 and on any other matters submitted by the Board of Directors to the membership. Each Public Member shall have one vote. There shall be no voting by proxy.

## **ARTICLE IV. BOARD OF DIRECTORS**

**Section 4.01. Authority of Directors.** The Board of Directors shall promote the objectives of the Corporation and further its purpose and mission. The Board is the policy-making body and may exercise all the powers and authority granted to the Corporation by law. It may delegate responsibility of day-to-day operations to the staff and committees.

**Section 4.02. Number and Qualifications.** The number of Directors shall be determined by affirmative vote of a majority of the Public Members present in person at the Annual Membership Meeting, provided that the number of Directors shall not be less than five (5) nor greater than twenty-one (21). The Board of Directors shall be comprised of *ex-officio* representatives of Public Members, who shall constitute as closely as possible two-thirds (2/3) of the Board, and individuals with significant labor rights expertise, who shall constitute as closely as possible one-third (1/3) of the Board. The Board shall strive for a diversity of members approximating the diversity of geographic regions represented, and the sizes and types of Public Members. In order to preserve independence of judgment and action, the Board shall not include any employee, director, officer, member, majority owner, or agent of an apparel company, an apparel trade organization, or an entity in which apparel companies exert significant influence (as determined in the sole discretion of the Board of Directors).

**Section 4.03. Classification and Tenure.** The Board of Directors shall be divided into two classes which shall be as nearly equal in number as possible. The first Directors of the Corporation designated in Class I shall serve an initial term of one (1) year and the first Directors of the Corporation designated to be in Class II shall serve an initial term of two (2) years. Thereafter, the term of office of a Director shall be two (2) years. Notwithstanding the foregoing, as an *ex officio* representative of a Public Member, the term of any representative of a Public Member shall terminate upon that individual's cessation of affiliation with the respective Public Member.

**Section 4.04. Election of Directors.** Public Members shall elect all members of the Board of Directors at the Annual Membership Meeting from a list of nominees made public on the website of the Corporation at least thirty (30) days prior to the Annual Membership Meeting. Any current Member or Director may nominate any representative of a Member or a labor rights expert, including himself or herself, for the position of Director. With the exception of the labor rights experts, a nominee must be a representative of a current Member. All nominees must give assurance of willingness to serve if elected, and must be nominated in writing (including by e-mail) to the Board Secretary fifty (50) or more days before the Annual Membership Meeting.

**Section 4.05. Resignation of Directors.** A Director may resign at any time by giving written notice to the Secretary of the Board of Directors of the Corporation. Resignations are effective upon receipt and, unless required by the terms thereof, the acceptance of such resignation shall not be necessary to make it effective. Once delivered, a notice of resignation is irrevocable unless permitted by the Board of Directors.

**Section 4.06. Removal of Directors.** A Director may be removed from office, with or without cause, by the affirmative vote of three-quarters ( $\frac{3}{4}$ ) of the Directors present at a duly held meeting of the Directors; provided that not less than five (5) days and not more than thirty (30) days notice of such meeting stating that removal of such Director is to be on the agenda for such meeting shall be given to each Director. A Director who is proposed to be removed shall be given a reasonable opportunity to be heard, orally or in writing at the meeting in which the proposed removal is to be considered by the Board.

**Section 4.07. Vacancies.** Any vacancy in the Board of Directors caused by death, resignation, removal, an increase in the number of Directors, expiration of term, or any other cause, shall be filled by affirmative vote of a majority of the total number of remaining Directors, though less than a quorum, and the term of the Director filling the vacancy shall expire at the end of the next annual meeting at which Directors are to be elected.

**Section 4.08. Regular Meetings of the Directors.** The Board of Directors shall hold at least two (2) regular meetings per calendar year. Meetings shall be at such dates, times and places as the Board shall determine.

**Section 4.09. Special Meetings of the Directors.** Special Meetings of the Board of Directors shall be held at the call of the President or at the call of the Secretary upon written request. The person calling the Special Meeting shall fix the time and place thereof, although such time and place shall be reasonable and convenient for the other Directors.

**Section 4.10. Annual Meeting of the Directors.** The Annual Meeting of the Board of Directors shall be held each year in conjunction with the Annual Membership Meeting, or at such time and place as the Board may determine is better suited for the transaction of business as shall come before the meeting.

**Section 4.11. Notice.** Meetings of the Directors may be called by the President (or, for Special Meetings of the Directors, by the Secretary, in accordance with Section 4.9) by written notice faxed, emailed, mailed, or personally delivered to each Director not less than five (5) days before such meeting. Notwithstanding the foregoing, written notice of Annual Meeting of the Directors shall require at least fifty (50) days written notice.

**Section 4.12. Quorum for Meetings of the Directors.** Fifty-one percent (51 %) of the total number of Directors shall be required to constitute a quorum for the transaction of business at any meeting, and the act of a majority of the Directors present at any duly-held meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the Directors present may adjourn a meeting from time to time until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the Directors present may continue to transact business until adjournment, even though the withdrawal of Directors originally present leaves less than the number otherwise required for a quorum.

**Section 4.13. Conference Call Meetings of the Directors.** Meetings of the Board of Directors may be held in whole or in part by conference call or similar communications equipment whereby all Directors can simultaneously hear one another, and such participation in a meeting pursuant to this subsection shall constitute the presence in person at such meeting.

**Section 4.14. Board of Directors Action without a Meeting.** Any action required or permitted to be taken at a meeting of the Board of Directors (including amendment of these bylaws) or of any committee may be taken without a meeting if (a) all Directors or committee members are notified in writing of the proposed action, (b) at least three quarters (75%) of the total number of Directors or of the committee members send written consents to the action taken or to be taken, at any time before or after the intended effective date of such action, and (c) the Secretary, committee chair, or his/her designee, receives no written objection to such action from a Director or committee member within forty-eight (48) hours, not including any hours on Saturdays, Sundays or holidays, of the notification to the Directors or committee members. Such notifications, consents, and objections shall be filed with the minutes of next Directors' meeting or committee meeting, and shall have the same effect as a meeting vote. For the purposes of this section, notifications, consents, and objections may be communicated by regular mail, personal delivery, fax, or electronic mail. The provisions of this Section 4.14 shall be deemed a "custom of the Corporation known generally to its members."

**Section 4.15. Executive Session.** At any meeting of the Board of Directors, an Executive Session at which only Directors and/or certain employees shall be present may be called for discussion of sensitive or confidential issues such as personnel, legal matters, or transaction negotiations. Formal decisions

made at said Executive Session shall, without violation of confidentiality and as appropriate, be recorded in the general minutes of the meeting.

**Section 4.16. Transparency.** The Board shall take appropriate steps to promote transparency and public participation, including posting notices and minutes of its meetings on the website of the Corporation. Notwithstanding the foregoing, meetings of the Board of the Directors shall not be open to the public, although the Board may choose, in its sole discretion, to invite guests to all or portions of such meetings.

**Section 4.17. No Private Inurement.** Directors shall serve without compensation for their service as a Director. This Section 4.17 shall not prohibit the reimbursement of reasonable expenses necessarily incurred in the business of the Corporation by any Director, volunteer, or employee.

**Section 4.18. Management of Affairs Until First Annual Membership Meeting.** The incorporator(s) shall manage the affairs of this Corporation until the election of the initial Board of Directors, at which time the power of the incorporator(s) shall terminate. The initial Board shall serve until the first annual meeting at which the Members shall elect a new Board according to the provisions of these bylaws.

## **ARTICLE V. OFFICERS**

**Section 5.01. Officers.** The Officers of this Corporation shall be a President, a Vice President, a Secretary, a Treasurer, and such other Officers in accordance with Section 5.10. One person may not hold more than one office at a time and all shall be members of the Board.

**Section 5.02. Appointment of Officers; Terms of Office.** The Officers of the Corporation shall be elected by the Board of Directors by majority vote at regular meetings of the Board, or, in the case of vacancies, as soon thereafter as convenient. New offices may be created and filled at any meeting of the Board of Directors. Terms of office may be established by the Board of Directors, but shall not exceed two (2) years. Officers shall hold office until a successor is duly elected and qualified. Officers shall be eligible for reappointment.

**Section 5.03. Resignation of Officers.** An Officer may resign at any time by giving written notice to the Secretary of the Board of Directors of the Corporation. Resignations are effective upon receipt and, unless required by the terms thereof, the acceptance of such resignation shall not be necessary to make it effective. Once delivered, a notice of resignation is irrevocable unless permitted by the Board of Directors.

**Section 5.04. Removal of Officers.** An Officer may be removed by the Board of Directors under the same terms and conditions as set forth for the removal of a Director in Section 4.06.

**Section 5.05. Vacancies.** Any vacancy in an Officer's position due to death, resignation or removal shall be filled by the Board of Directors.

**Section 5.06. President.** The President shall preside at all meetings of the Board of Directors and shall oversee the long-term goals and purposes of the Corporation. The President shall perform all duties attendant to that office, subject, however, to the control of the Board and shall perform such other duties as on occasion shall be assigned by the Board. The President shall present an annual address at the Annual Membership Meeting.

**Section 5.07. Vice-President.** The Vice-President, in the absence or inability to act of the President, shall have the authority to exercise the powers and perform the duties of the President. The Vice-President shall perform other duties as requested and assigned by the President, subject to the control of the Board.

**Section 5.08. Secretary.** The Secretary shall keep, or cause to be kept, the minutes of all meetings of the Board and the Executive Committee in one or more books provided for that purpose and shall see that the minutes of meetings of the Board and of the Executive Committee are distributed promptly to all members of the Board of Directors. He or she shall see that all notices are duly given in accordance with these bylaws and as required by law. He or she shall have charge of all of the books, records, and papers of the Corporation relating to its organization as a corporation and shall see that all reports, statements, and other documents required by law are properly kept or filed, except to the extent that the same are to be kept or filed by the Treasurer. In general, he or she shall perform or cause to be performed all duties incident to the office of the Secretary and such other duties as may from time to time be assigned to him or her by the President or the Board of Directors.

**Section 5.09. Treasurer.** The Treasurer shall oversee the financial affairs of the Corporation and perform such other duties as may be required by these bylaws or as may be assigned by the Board of Directors. The Treasurer shall report to the Board at each regular meeting on the status of the Corporation's finances, and shall work closely with any paid staff of the Corporation to ascertain that appropriate procedures are being followed in the financial affairs of the Corporation.

**Section 5.10. Other Officers.** This Corporation may have such other Officers and agents as the Board of Directors considers necessary for the operation and management of the Corporation, each of whom shall have the powers, rights, duties, responsibilities, and terms in office as may be determined by resolution of the Board.

**Section 5.11. Paid Staff and Contractors.** The Board of Directors may hire such paid staff and contract for services as they deem proper and necessary for the operations of the Corporation. The powers and duties of the paid staff shall be as assigned or as delegated to be assigned by the Board. Paid staff shall not be voting members of the Board, but the Executive Director shall be an ex officio but non-voting member of the Board. The Executive Director must be selected by a three-quarters (3/4) majority vote of the Board.

## **ARTICLE VI. COMMITTEES**

**Section 6.1. Executive Committee.** Those Directors who are Officers are designated as and shall constitute the Executive Committee of the Board of Directors. The Executive Committee may exercise all of the powers of the Board of Directors in the interim between Board of Directors' meetings except to: (a) amend or repeal the Articles of Incorporation or these Bylaws, or adopt new Bylaws; (b) approve any merger, consolidation, sale or lease of substantially all of the assets of the Corporation, dissolution, or distribution of assets; (c) elect Officers, Directors and Executive Committee members; (d) adopt the Corporation's budget; and (e) amend, repeal, or act contrary to any resolution or direction of the Board of Directors. The Executive Committee shall submit reports to the Board of Directors on any actions taken. Any Officer may call meetings of the Committee. Five (5) days written notice as to the time and place of meetings shall be given to each Officer. Any Officer may waive written notice of meetings in which case verbal notice shall suffice. A majority of the members of the Executive Committee present in person shall constitute a quorum permitting the transaction of business at such meetings. In the absence of a quorum, a meeting may adjourn until a quorum can be present.

**Section 6.2. Other Committees.** The Board of Directors may, from time to time and for terms as they may see fit, establish committees other than the Executive Committee, as necessary for the smooth functioning of the Corporation. The President shall appoint committee members from among the members of the Board of Directors, members of the Corporation and non-members. Such committees shall be chaired by a Director of the Corporation. The chair of such committee shall fill any vacancies in committees. A majority of the members of such committee shall constitute a quorum for the transaction of business, and the vote of a majority of all the members of the committee present in person shall be the act of the committee.

## **ARTICLE VII. INDEMNIFICATION**

The Corporation shall have the power to indemnify and, without formal action by the Directors or other persons, shall indemnify any Officer or Director, in respect of any and all matters or actions for which indemnification is permitted by the laws of the State of Maine, including, without limitation, liability for expenses incurred in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative. Indemnification under the preceding sentence with respect to persons other than Officers and Directors, such as employees, agents, or other persons acting for or on behalf of the Corporation may be made only upon the affirmative vote of the Board of Directors in specific instances. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, member, employee, or agent of the Corporation, or who is or was serving at the request of the Corporation as a Director, Officer, member, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any of the above-stated capacities, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person.

## **ARTICLE VIII. DUTY OF CARE**

**Section 8.01. Duty of Care.** It is the duty of each Director of the Corporation to discharge his or her duties as a Director in good faith, in a manner the Director reasonably believes to be in the best interests of the Corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

## **ARTICLE IX. FINANCIAL ADMINISTRATION**

**Section 9.01. Fiscal Year.** The fiscal year of the Corporation shall be July 1 – June 30 but may be changed by resolution of the Board of Directors.

**Section 9.02. Budget.** The Board of Directors shall approve the Corporation's budget in advance of each new fiscal year except in the first year of operation.

**Section 9.03. Books.** The Corporation shall keep correct and complete books and records of account and financial statements. All books and records of the Corporation may be inspected by any Director or his or her accredited agent or attorney, for any proper purpose at any reasonable time. Books and records shall include a minute book, which shall contain a copy of the Articles of Incorporation, a copy of these bylaws, and all minutes of meetings of the Board of Directors.

**Section 9.04. Checks, Contracts, and Deposits.** The Executive Director, President, and Treasurer shall be authorized to sign contracts authorized by the Board of Directors and to sign checks on behalf of the Corporation; provided, however, that any check drawn for an amount greater than \$5,000 shall require the signature of two persons authorized by these bylaws or by the Board to sign checks on behalf of the Corporation. The Board shall select depositories for funds of the Corporation, which funds may be held as cash or invested as determined by the Board.

**Section 9.05. Classes of Income.** The income of the Corporation may be designated as unrestricted revenue, which may be used for any purpose consistent with the mission and purposes of the Corporation and within the limits of the Corporation's budget, or restricted income, which is designated for specific purposes. All membership dues and contributions shall be unrestricted revenue. Administrative fees collected by the Corporation from suppliers that are awarded public contracts for apparel and other products shall also be unrestricted revenue. Fees paid by members of the Corporation for specific services shall be restricted income.

**Section 9.06. Loans.** No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. In accordance with 13-B M.R.S.A §712, in no event shall a loan be issued to a Director or Officer of the Corporation.

**ARTICLE X. AMENDMENTS**

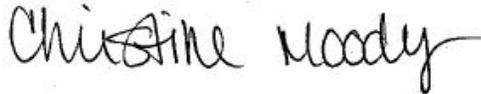
These bylaws may be amended by a three-quarters ( $\frac{3}{4}$ ) majority vote of the Board of Directors, provided prior notice is given of the proposed amendment in the notice of the meeting at which such action is taken, or provided all members of the Board of Directors waive such notice, or by unanimous consent in writing without a meeting pursuant to Section 4.14.

**ARTICLE XI. DISSOLUTION**

The Corporation is intended to exist in perpetuity, but in the event of dissolution of the Corporation or the termination of its activities, the assets of the Corporation remaining after the payment of all its liabilities shall be distributed exclusively to one or more organizations organized and operated exclusively for such purposes as shall then qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended and as a charitable, religious, eleemosynary, benevolent or educational corporation within the meaning of Title 13-B, of the Maine Revised Statutes as amended, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

**CERTIFICATION**

These Bylaws were approved and adopted by the members of the Board of Directors of this Corporation by a unanimous vote on June 10, 2010.



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Christine Moody, Secretary

Date: June 16, 2010