

**Fiddleheads Natural Food Cooperative
Patronage Policy
Adopted by the Board of Directors June 15, 2021**

Pursuant to the authority granted by Section 4.1 of the Amended Bylaws and consistent with Article V of the Amended Bylaws (the “Bylaws”) of **Fiddleheads Natural Foods Cooperative, Inc** (“Fiddleheads”), the Board of Directors of Fiddleheads (the “Board”) adopts the following Patronage Policy, effective June 15, 2021, with respect to fiscal year 2020 and (subject to modification as contemplated herein) subsequent years:

1. The Board will annually determine net patronage income as soon as practical after each fiscal year’s audit or review is completed. The Board will also determine the net income from non-patronage business.
2. As required by the Certificate of Incorporation, 10% of the net patronage income will be set aside in an unallocated capital reserve (i.e., as unallocated capital on the co-op’s balance sheet, or as part of the retained earnings). Allocation of patronage income to the capital reserve may be discontinued once the reserve reaches 20% of capital stock (i.e., the dollar amount held in Class A shares on the balance sheet).
3. Net patronage income will be determined based on tax income.
4. As required by the Certificate of Incorporation and Article V of the Bylaws, patronage income (after the capital reserve allocation described in Paragraph 2) will be allocated to Fiddleheads’ member-owners in good standing on the basis of the total dollar amount of purchases made by the member-owner in the year. However, if a member-owner’s total patronage is a de minimis amount for the year, i.e., less than \$75 in annual purchases or such other amount determined by the Board, no patronage income will be allocated to the member-owner to minimize administrative burden.
5. Non-patronage income will not be allocated to the member-owners but will be added to an unallocated capital reserve or as part of the retained earnings.
6. Patronage income will be distributed to member-owners as patronage equity or in cash or in any combination of patronage equity and cash as determined by the Board for each fiscal year, provided that the cash portion of patronage income distributed to members may be paid in whole or in part as store credits as determined by the Board 100% in the form of a store credit which may be redeemed for purchases from Fiddleheads or in cash. The Board will retain discretion to annually determine the actual cash and store credit distribution percentage based on Fiddleheads’ financial condition and prospects at the time, credit agreement commitments and other relevant factors.
7. The Board may cause patronage equity to be redeemed at such time and in such order or percentages as it determines to be equitable from time-to-time, so long as the redemption is consistent with the then current financial condition and prospects of Fiddleheads, the Bylaws, and any binding commitments contained in Fiddleheads’ credit agreements.

8. If any cash patronage is allocated to a member-owner who owes Fiddleheads any past due amount, Fiddleheads may offset the amount payable to the member-owner against all or portion of the past due amount.
9. By obtaining and retaining membership in Fiddleheads, each member-owner agrees that if their cash patronage refund is not redeemed within 90 days of the date on which it was issued, or a store credit is not used within such period as determined by the Board when the store credit is issued to the member-owner, Fiddleheads shall have the right to make a contribution in the name of that member-owner to support a community non-profit in a manner as may be directed by the Board from time to time.
10. The Board may shall annually review and revise this Patronage Policy periodically and make and consider for prospective application changes which are consistent with the then current financial condition and prospects of Fiddleheads, the Bylaws, and any binding commitments contained in Fiddleheads' credit agreements.