

Just Food: Northfield Community Co-op

Policy Register

Table of Contents

A. Ends Policy.....	3
B. Executive Limitations Global Policy	5
B1 Employee Relations.....	6
B2 Compensation and Benefits.....	7
B3 Planning.....	8
B4 Financial Condition	9
B5 Asset Protection.....	10
B6 Communication and Counsel to the Board	12
B7 Management Continuity	13
B8 Customer Service and Value	14
B9 Membership.....	15
C. Board-General Manager Relationship Global Policy.....	17
C1 Unity of Control	18
C2 Accountability of the Manager.....	19
C3 Delegation to the General Manager.....	20
C4 Monitoring General Manager Performance.....	21
D. Board Process Global Policy.....	23
D1 Governing Philosophy.....	24
D2 Board Role	25
D3 Calendar and Agenda Planning.....	26
D4 President’s Role	27
D5 Board Members’ Code of Conduct	28
D6 Board Committee Principles	31
D7 Relationship To Member-owners.....	32
D8 Cost of Governance.....	33

Approved May 26, 2005

Revised 10/13/2005, 2/23/2006, 7/27/2006, 12/21/2006, 1/25/2007, 2/22/2007, 3/22/2007, 4/24/2007, 6/28/2007, 2/28/2008, 3/20/08, 4/24/08, 8/27/08, 9/24/08

A. Ends Policy

Our community will be justly nourished and strengthened while ensuring the viability of the Co-op.

A1 Our community consists of current and future member-owners, patrons, Just Food staff, producers and vendors within the local foodshed.

A2 A justly nourished and strengthened community includes:

A2.1 Reliable access to good food such as organic, locally raised, environmentally conscious and fair-trade food;

A2.2 On-going access to education about sustainable living, responsible consumption and healthy choices;

A2.3 Improved economic, social, cultural and ecological conditions;

A2.4 Commitment to the community's health and future;

A2.5 Offering opportunities for belonging, inspiration and hope.

A3 Ensuring the viability of the Co-op includes:

A3.1 Maintenance of an equitable balance among community members' interests with sensitivity to the differences between the needs of producers and customers;

A3.2 Consideration of the growth of just and sustainable segments of the market;

A3.3 Provision of fair value to consumers within conditions of the market.

B. Executive Limitations Global Policy

The General Manager shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, in violation of the *Just Food Articles of Incorporation* or *Bylaws*, business and professional ethics or International Cooperative Principles

B1 Employee Relations

With respect to relations with employees, the General Manager shall not cause nor allow conditions that create a work environment which is unsafe, unfair, undignified, negative unsustainable, or in which employees are uninformed about the co-op, its events or procedures.

B1.1 The General Manager shall not cause nor allow an employee to be uninformed concerning events, procedures and decision-making processes that influence the employee's ability to provide satisfactory performance.

B1.2 The General Manager shall not cause nor allow:

B1.2.1 Employees to be unaware of job responsibilities as well as criteria and processes by which performance is evaluated;

B1.2.2 Employees to be unaware of conditions relating to continued employment;

B1.2.3 Employees to be unaware of current evaluation of performance and, if necessary, actions required to meet minimum acceptable performance;

B1.2.4 Employee relations that limit employee effectiveness and/or organizational success;

B1.2.5 Sudden and unexpected termination of employment without just cause.

B1.2.5 Insufficient personnel records.

B1.3 The General Manager shall not cause nor allow employees to lack opportunities and support for development and advancement.

B1.3.1 The General Manager shall not cause nor allow conditions that prevent employees from having fair opportunities to apply for available positions.

B1.4 The General Manager shall not cause nor allow unjust or disrespectful treatment of employees.

B1.4.1 The General Manager shall not cause nor allow employees to lack the means to express concerns or to request a response.

B1.4.1.1 The General Manager shall not cause nor allow negative repercussions resulting from employees' expression of concerns.

B1.4.1.2 The General Manager shall not cause nor allow employees to be unaware of means to express concerns or lack of repercussions for using those means.

B1.4.2 The General Manager shall not cause nor allow failure to establish, monitor and enforce a code of ethics for staff, whether it is in the body of employee handbook or stands as a separate document.

This policy is monitored as specified in Policy C4.

B2 Compensation and Benefits

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the General Manager shall not cause nor allow jeopardy to the Co-op's fiscal integrity or public image.

B2.1 The General Manager shall not cause nor allow compensation and benefits that fail to consider:

B2.1.1 Share of revenues consumed relative to other similar businesses in similar circumstances;

B2.1.2 Conservative projection of revenues;

B2.1.3 Geographic or professional market for the skills employed;

B2.1.4 Financial performance of the Co-op;

B2.1.5 Living wage;

B2.1.6 Internal equitability;

B2.1.7 Evaluation of performance;

B2.1.8 Duration of service.

B2.2 The General Manager shall not cause nor allow staff to be unaware of policies and values that guide compensation and benefits.

B2.3 The General Manager may not change his or her own compensation and benefits.

This policy is monitored as specified in Policy C4.

B3 Planning

With respect to planning operational and fiscal events including strategic planning, business planning and budgeting for all or any part of a fiscal period, the General Manager shall not cause nor allow financial risk, business jeopardy, material deviation from the Board's Ends Policies, or failure to derive projections from a multi-year plan within a long-term perspective.

B3.1 The General Manager shall not cause nor allow planning or budgeting that contains too little detail to enable reasonably accurate projection of:

B3.1.1 Revenues and expenses;

B3.1.2 Cash flow.

B3.2 The General Manager shall not cause nor allow planning or budgeting that does not project income conservatively.

B3.3 The General Manager shall not cause nor allow planning or budgeting that is inconsistent with Board Policies when making allocations among competing needs.

B3.4 The General Manager shall not cause nor allow budgeting that provides less for Board prerogatives than is set forth in Policy D8: Cost of Governance.

B3.5 In planning the General Manager shall not fail to:

B3.5.1 Separate capital and operational items.

B3.5.2 Disclose planning assumptions.

This policy is monitored as specified in Policy C4.

B4 Financial Condition

With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities established in Ends policies.

The GM will not:

- B4.1** Incur debt other than trade payables, equipment leases or other reasonable and customary liabilities incurred in the ordinary course of doing business.
- B4.2** Use restricted funds for any purpose other than that required by the restriction.
- B4.3** Fail to cause the Current Ratio to grow toward 1.25.
- B4.4** Fail to settle contracts, payroll, loans or other financial obligations in other than a timely manner.
- B4.5** Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- B4.5** Allow Sales or Net Income to fall below values contained in the latest Business Plan submitted to the Board.
- B4.7** Allow financial record keeping systems to be inadequate or out of conformity with GAAP.
- B4.8** Authorize any expenditure that exceeds \$10,000 without co-signature of a designated authorized manager or Board member.
- B4.9** Cause nor allow any capital expenditure, the sale of any capital asset, or the finalization of any lease for capital equipment exceeding \$30,000 without prior Board approval.

This policy is monitored as specified in C4.

B5 Asset Protection

The General Manager shall not cause nor allow the Co-op's assets to be unprotected, inadequately maintained, or imprudently risked.

- B5.1** The General Manager shall not cause nor allow the Co-op to be in unreasonable jeopardy due to risk of direct physical loss because of inadequate business property and liability insurance.
 - B5.1.1** The General Manager shall not cause nor allow insurance coverage for the building (including tenant improvement to leased space and permanent fixtures) to be less than 100% of the current replacement cost.
 - B5.1.2** The General Manager shall not cause nor allow insurance coverage for other business personal property assets to be less than 90% of the current replacement cost.
 - B5.1.3** The General Manager shall not cause nor allow the Co-op to operate without flood insurance.
 - B5.1.4** The General Manager shall not cause nor allow imprudent risk from business interruption due to insurable losses.
 - B5.1.5** The General Manager shall not cause nor allow imprudent risk from the use of non-owned auto in Co-op business activity.
- B5.2** The General Manager shall not cause nor allow failure to provide and properly maintain adequate facility and equipment including but not limited to negotiating leases and repairs.
- B5.3** The General Manager shall not cause nor allow the use of controls insufficient to meet the Board appointed auditor's standards for receiving, processing, or disbursing funds.
 - B5.3.1** The General Manager shall not cause nor allow any financial transaction to be completed without a system that prevents misappropriation of the Co-op's assets.
 - B5.3.2** The General Manager shall not cause nor allow cash to be handled in an insecure manner.
- B5.4** The General Manager shall not cause nor allow abuse or misuse of the Co-op's assets.
 - B5.4.1** The General Manager shall not cause nor allow deviation from a set procedure and timeline to inventory Co-op property.
 - B5.4.2** The General Manager shall neither cause nor allow circumstances that incur unacceptable risk of theft, loss or damage to property.
 - B5.4.3** The General Manager shall not cause nor allow conflict of interest in purchasing.
- B5.5** The General Manager shall not cause nor allow Co-op funds to be deposited in financial institutions where they are not protected.
- B5.6** The General Manager shall not cause nor allow unnecessary exposure of the Co-op, the staff, or the directors to lack of protection against claims of liability.
- B5.7** The General Manager shall not cause nor allow the lack preparedness to respond to disasters.

B5.8 The General Manager shall not cause nor allow the endangerment of the Co-op's public image or credibility.

B5.9 The General Manager shall not cause nor allow any change to Co-op's name or significantly alter its identity including its logo.

This policy is monitored as specified in Policy C4.

B6 Communication and Counsel to the Board

The General Manager shall not cause nor allow the Board to be uninformed or unsupported in its work.

B6.1 The General Manager shall not cause nor allow the submission of untimely, inaccurate, or incomplete information to the Board.

B6.2 The General Manager shall not cause nor allow the Board to lack monitoring data required to evaluate compliance with Board policies.

B6.2.1 The General Manager shall not cause nor allow the submission of a non-compliant report without an explanation and plan for response.

B6.2.2 The General Manager shall not cause nor allow the Board to be unaware of actual or anticipated non-compliance with Board policies even if the policy is not scheduled for monitoring.

B6.3 The General Manager shall not cause nor allow the Board to be unaware of relevant trends, Co-op public events, and material internal changes, particularly those that affect assumptions upon which Board policy has previously been established.

B6.4 The General Manager shall not cause nor allow the Board to be uninformed if, in the General Manager's opinion, the Board or one of its members is not in compliance with Board policy and the case is detrimental to the work of the General Manager or the relationship between the General Manager and the Board.

B6.5 The General Manager shall not cause nor allow a lack of investigation or research into facts and issues on matters about which the Board has requested information or a report.

B6.5.1 The General Manager shall not cause nor allow the Board to lack diverse viewpoints for fully informed Board decisions, including staff and external points of view, issues, and options.

This policy is monitored as specified in Policy C4.

B7 Management Continuity

The General Manager shall not cause nor allow failure to ensure management continuity in planned and unplanned conditions.

B7.1 The General Manager shall not cause nor allow inadequately trained person(s) to manage the store in an emergency, until such time as the Board can authorize a temporary or permanent General Manager replacement.

B7.1.1 The General Manager shall not cause nor allow the Board to be uninformed about the designated person(s).

B7.2 The General Manager shall not cause nor allow undocumented systems and procedures that result in the designated person(s)' inadequate access to information needed to meet the Co-op's obligations in a planned or emergency General Manager absence.

This policy is monitored as specified in Policy C4.

B8 Customer Service and Value

The General Manager shall not cause nor allow circumstances resulting in customers not receiving high value products and services.

B8.1 The General Manager shall not cause nor allow establishment of product selection guidelines without including customer demand and market trends as criteria.

B8.2 The General Manager shall not cause nor allow the Co-op to offer limited product choice and unbalanced product information to customers.

B8.3 The General Manager shall not cause nor allow dishonest and inaccurate merchandising and marketing practices.

B8.4 The General Manager shall not cause nor allow the absence of programs and materials that educate consumers about healthy choices, responsible consumption and sustainable living.

B8.5 The General Manager shall not cause nor allow customer opinions to be ignored including product requests, preferences, complaints and suggestions.

B8.6 The General Manager shall not cause nor allow customer data to be misused or to be accessible for unauthorized purposes.

This policy is monitored as specified in Policy C4.

B9 Membership

The General Manager shall not cause nor allow members to be without a vital sense of ownership and belonging.

B9.1 The General Manager shall not cause nor allow inaccurate or outdated member records including names, addresses, equity payments, and eligibility for benefits and voting.

B9.1.1 The General Manager shall not cause nor allow unauthorized use of membership information.

B9.1.2 The General Manager shall not cause nor allow significant changing of member benefits without Board approval.

B9.2 The General Manager shall not cause nor allow insufficient opportunities for members to participate in the Co-op.

B9.3 The General Manager shall not cause nor allow non-current or inconvenient access to information on cooperatives, cooperative policy formulation, or cooperative decision-making by members or the community.

B9.4 The General Manager shall not cause nor allow more than two years to pass without assessing membership satisfaction with the Co-op and the degree to which the Co-op is responding to membership needs and desires.

This policy is monitored as specified in Policy C4.

C. Board-General Manager Relationship Global Policy

The Board's only official connection to the operational aspects of the Co-op, its achievements, and conduct will be through the General Manager.

C1 Unity of Control

Only decisions of the Board acting as a body are binding on the General Manager.

C1.1 Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in the rare instances when the Board has specifically authorized such exercise of authority.

C1.2 In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager can refuse such requests that in the General Manager's opinion require a material amount of staff time, funds or are disruptive.

C2 Accountability of the Manager

The Board holds the General Manager accountable for the operation and management of the Co-op in accordance with the Board's policies. As far as the Board is concerned, the General Manager has all authority and accountability for staff.

C2.1 The Board will never give direction to persons who report directly or indirectly to the General Manager.

C2.2 The Board will refrain from evaluating either formally or informally any staff other than the General Manager.

C2.3 The Board will view General Manager performance as identical to organizational performance. Organizational accomplishment of Board Ends Policies and compliance with Board Executive Limitations Policies will be viewed as successful General Manager performance.

C3 Delegation to the General Manager

The Board will instruct the General Manager through written Board Ends and Executive Limitations Policies. The Board will allow the General Manager to use any reasonable interpretation of Ends and Executive Limitations Policies.

C3.1 Ends Policies: The Board will develop Ends Policies instructing the General Manager to achieve certain results for the benefit of certain people, not to exceed a specified cost.

C3.2 Executive Limitations Policies: The Board will develop Executive Limitations Policies that describe organizational situations and actions to be avoided. Executive Limitations Policies limit the latitude the General Manager may exercise in choosing the means by which the organization will achieve its ends.

C3.3 Reasonable Interpretation Authority: As long as the General Manager uses a reasonable interpretation of the Board's Ends and Executive Limitations Policies, the General Manager may make all further policies and decisions, take all actions, establish all practice and develop all activity.

C3.4 Policy Changes: The Board may change its Ends Policies and its Executive Limitations Policies, thereby shifting the boundary between the Board and the General Manager. By making policy changes, the Board changes the latitude of choice given to the General Manager.

C3.4.1 Policy change compliance date: When making a policy change, the Board will specify the expected compliance date.

C3.4.2 Policy compliance prior to change: As long as any particular delegation is in place, the Board will respect and support the General Manager's choices and actions that comply with the policy.

C4 Monitoring General Manager Performance

The General Manager's job performance is systematically, rigorously and solely monitored against expected General Manager's accomplishment of Board Ends Policies and operation within the boundaries established by Board Executive Limitations Policies.

C4.1 Monitoring determines the degree to which Board policies are being observed. Only information demonstrating the degree of compliance is considered monitoring data.

C4.2 The Board acquires monitoring data by one or more of three written reporting methods.

C4.2.1 Internal report: The General Manager provides policy compliance information to the Board.

C4.2.2 External report: The Board chooses an external, disinterested, third party to assess and report policy compliance information directly to the Board.

C4.2.3 Direct inspection: A designated Board member(s) assesses and reports policy compliance information to the entire Board.

C4.3 For each Board policy being monitored, the standard for compliance is any reasonable interpretation made by the General Manager.

C4.4 There are two methods for measuring compliance with Board policies.

C4.4.1 When policies require full compliance for effective operation of the organization, monitoring reports provide a Yes/No answer with summary information. These policies are often financial in nature, or clearly describe recognizable boundaries that may not be crossed.

C4.4.2 When policies are visionary in nature, measuring incremental progress towards long-term outcomes is appropriate. Monitoring reports establish 1) a baseline or history for comparison, 2) a reliable and credible measuring technique, and 3) a short-term target of twelve months or less. These policies are often Ends policies.

C4.5 The Board chooses the frequency and method used to monitor each policy that instructs the General Manager. The Board ordinarily depends upon a routine schedule developed annually in advance by the General Manager and approved by the Board. The Board can monitor any policy at any time by any method.

C4.5.1 The monitoring frequency, methods and due dates are as follows:

Policy	Policy Title	Frequency	Method	When due
A.	Ends	Annual	Internal	April
B1	Employee Relations	Annual	Internal	June
B2	Compensation and Benefits	Annual	Internal	March
B3	Planning	Annual	Internal	August
B4	Financial Condition	Quarterly	Internal	April, July, October, January
		Quintennial	External	2010
B5	Asset Protection	Annual	Internal	November
B6	Communication and Counsel to the Board	Annual	Direct	February
B7	Management Continuity	Annual	Internal	June
B8	Customer Service and Value	Annual	Internal	September
B9	Membership	Annual	Internal	May

C4.6 General Manager Evaluation: General Manager evaluation is an ongoing continuous process of policy monitoring. The Board evaluates the General Manager only on issues for which it has a written policy and on all issues for which it has written policy. The Board conducts an annual summary evaluation of the General Manager. The evaluation is a compilation and review of compliance and non-compliance with Board policy as reported in Ends and Executive Limitations monitoring reports presented to the Board throughout the year.

C4.6.1 The Board decides the General Manager's compensation after a review of monitoring reports developed for the past 12 months.

C4.6.2 At the end of the annual reporting cycle, the General Manager may submit additional data updating the monitoring of any policy and may suggest changes in policy, however, performance will be compared to existing policy, not proposed policy.

D. Board Process Global Policy

On behalf of the Co-op's membership, the Board has two purposes: 1) to act as trustee for the member-owners; 2) to ensure the Co-op achieves appropriate results for appropriate people at an appropriate cost (Ends) and avoids unacceptable actions and situations (Executive Limitations).

D1 Governing Philosophy

The Board will govern with an emphasis on:

1. Outward vision rather than internal preoccupation;
2. Encouragement of diversity in viewpoints;
3. Strategic leadership more than administrative detail;
4. Clear distinction of Board and General Manager roles;
5. Collective rather than individual decisions;
6. Focus on the future with the benefit of learning by reflecting on the past and present;
7. Pro-active rather than reactive leadership and decision making.

D1.1 The Board as a group is responsible for excellence in governance. The Board uses expertise of individual Board members to enhance the abilities of the Board as a body. Individual judgments may not be substituted for Board values. The Board as a whole is responsible for fulfilling Board commitments. Therefore, the Board allows no officer, individual, or committee of the Board, to hinder, to take inappropriate initiative, or to be an excuse for not fulfilling Board commitments.

D1.1.1 Each Board member shares responsibility for effective Board leadership.

D1.1.2 Each Board member's responsibilities include meeting preparation and attendance, active participation, and support and enforcement of board process policies.

D1.1.3 The Board initiates policy and does not merely react to staff initiatives.

D1.2 The Board directs, controls and inspires the Co-op through careful establishment of broad written policies reflecting Co-op values and perspectives.

D1.2.1 The Board focuses chiefly on intended long-term objectives (Ends) not on the administrative or operational means of attaining those objectives.

D1.2.2 The Board enforces upon itself the discipline necessary to achieve excellence in governance. Discipline applies to matters such as policy-making principles, respect of roles, and continuance of governance capability.

D1.2.3 The Board ensures that Board development includes orientation of new Board members in Board process.

D1.2.4 The Board monitors and discusses Board process and performance at least annually, including comparison of Board activity and discipline regarding policies in Board-General Manager Relationship and Board Process.

D2 Board Role

The role of the Board is to formulate policy and monitor compliance to represent the needs and values of the membership.

D2.1 The Board provides and maintains a link between the Co-op and member-owners.

D2.2 The Board enacts written policies to guide the organization in four areas:

- Ends
- Executive Limitations
- Board-General Manager Relationship
- Board Process

D2.3 The Board assures performance by monitoring compliance with Board policies.

D2.3.1 The Board assesses the General Manager's performance by monitoring Board policies on Ends and Executive Limitations.

D2.3.2 The Board assesses its own performance by monitoring policies on Board Process and Board-General Manager Relationship.

D2.3.3 The Board appoints an auditor at least every five years, or as required. The Board receives the audit report directly from the auditor.

D2.4 The Board ensures its perpetuation by providing effective leadership over time, irrespective of individual Board members. The Board accomplishes its perpetuation through recruitment, election and development of skilled, committed and motivated member-owners.

D2.4.1 The Board identifies and recruits qualified and skilled Board member candidates throughout the year for appointment as needed and for future elections.

D2.4.2 The Board seeks and screens Board member candidates according to the following criteria:

- Dedication to the Co-op, its member-owners and its mission;
- Propensity to think in terms of systems and contexts;
- Honesty, independent judgment, and courage;
- Ability and eagerness to deal with values, vision and the long term;
- Ability and willingness to participate assertively in discussions and to abide by Board decisions and the intent of established policies;
- Willingness to function in a group decision-making environment, to share power in group process, and to delegate areas of decision-making to others.

D2.4.3 The Board presents a group of qualified Board member candidates to member-owners. The Board provides opportunities for member-owners to learn about Board member candidates.

D2.4.3.1 The Board provides a self-nomination process for Board member candidacy supported by member-owners.

D2.4.4 The Board plans, oversees, and ensures a fair election process accessible to the member-owners.

D2.4.5 The Board may delegate these tasks to a task force or committee, but the full Board remains responsible its perpetuation.

D3 Calendar and Agenda Planning

To accomplish its job with a governance philosophy consistent with Board policies, the Board will follow an annual agenda that 1) annually re-explores Ends and links with member-owners, 2) continually improves Board performance through Board education, 3) ensures efficient use of Board meeting time, 4) affords opportunity for quality discussion, and 5) ensures rigorous monitoring.

- D3.1** The Board's annual governance cycle starts following the annual meeting with the development of its calendar for the next fiscal year. The Board calendar includes all Board events such as membership meetings, Board training, monitoring schedule, and review of specific policies. The Board reviews the calendar on a regular basis.
- D3.2** At the end of each Board meeting, the Board's current policy discussion and the annual calendar provide the basis for determining the broad outlines of the next meeting's agenda. The Board determines the agenda by using the following process:
- D3.2.1** In preparation for the next meeting, Board members review the scheduled policy areas and consider points to add, modify, or delete. Board members prepare a written statement describing policy changes and a discussion of supporting rationale for review by others.
- D3.2.2** The President collects the written statements, determines relevancy and priority for discussion, and produces an agenda for the next Board meeting. Other items that require Board attention may also be included.
- D3.2.3** The President includes General Manager monitoring reports in the packet and on the agenda for Board discussion and action. The President includes informational reports in the preparatory packet and may or may not include them on the agenda for Board discussion. Discussion of informational reports may be included on the agenda if a Board member makes a request or if the President determines discussion to be relevant or necessary. In the case that no discussion item for an informational report has been included on the agenda, a request to do so may be made at the beginning of the Board meeting during the agenda review according to Policy D3.2.5.
- D3.2.4** The President includes the agenda and all written statements and reports in the Board packet distributed to the Board one week prior to the next meeting.
- D3.2.5** The Board may modify the distributed agenda at the beginning of the next meeting.
- D3.3** The Board decision-making process may be based on consensus or the use of Robert's Rules of Order depending on the scope of the topic and the desire of the Board.

D4 President's Role

The President ensures Board compliance with its policies and represents the Board to outside parties as appropriate.

D4.1 The President ensures that the Board functions effectively, follows its own policies, and adheres to obligations legitimately imposed upon the Board from outside the Co-op.

D4.2 The President may make decisions on behalf of the Board that fall within or are consistent with Board policies on Governance Process and on the Board-General Manager Relationship. The President is authorized to use a reasonable interpretation of the policies.

D4.2.1 The President's authority does not extend to making decisions or interpreting Ends and Executive Limitations policies, each of which is within the purview of the General Manager.

D4.2.2 The President's authority does not extend to supervising, terminating, or otherwise directing the General Manager.

D4.2.3 The President is the primary contact to communicate official Board positions to the General Manager.

D4.3 The President chairs Board meetings with all the power of the position as defined by the Board's accepted decision-making processes.

D4.3.1 The Board only discusses issues defined by Board policy as clearly belonging to the Board to decide, not to the General Manager.

D4.3.2 Deliberation will be timely, fair, orderly, thorough, and according to the Board's accepted decision-making processes. Discussion will be efficient, limited to time and kept to the point.

D4.4 The President ensures a smooth transition to the next President.

D4.4.1 The President ensures sufficient documentation and organization of Board practices.

D4.4.2 The President prepares the Vice President, or other designated Board member, to be qualified to serve as President in emergency or planned succession.

D4.5 The President may delegate this authority but remains responsible for its use.

D5 Board Members' Code of Conduct

When acting as Board members, the Board commits itself to proper use of authority; appropriate decorum; ethical, businesslike, and lawful conduct.

D5.1 An individual Board member is responsible at all times for discharging his/her duties in good faith in a manner that s/he reasonably believes to be in the best interests of the Co-op. Each Board member is to act with such care as an ordinarily prudent person in a like position would use under similar circumstances.

D5.1.1 Board members must act with unconflicted loyalty to the interests of the member-owners. Board members' accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. Board members' accountability supersedes the personal interest of any Board member acting as an individual consumer of the Co-op's services.

D5.2 Board members must avoid any conflict of interest with respect to their fiduciary responsibility.

D5.2.1 An individual Board member is under an affirmative duty to disclose known actual or potential conflicts of interest in any matter under consideration by the Board at the first meeting after such conflicts arise. Board members having a conflicting interest may not participate in the decision on the matter nor, unless otherwise determined by the Board, in the discussion of the matter.

D5.2.2 An individual Board member shall not, during her/his term of office, be a party to a contract for profit with the Co-op differing in any way from the business relations or terms generally current among member-owners.

D5.2.2.1 Other than fees for service on the Board, Board members are prohibited from accepting consulting fees or compensation from the Co-op, except in the case of the employee member, who does receive a salary and benefits, but may not receive other compensation.

D5.2.2.2 Board members and officers shall be prohibited from receiving loans from the Co-op.

D5.2.3 Board members must not use their positions to obtain for themselves, family members, or close associates employment or a business relationship with the Co-op.

D5.3 Board members may not attempt to exercise individual authority over the Co-op except to represent the Board or the Co-op as explicitly set forth in Board policies.

D5.3.1 Board members' interaction with the General Manager or staff must recognize the lack of authority of any individual Board member or group of Board members, except as noted above.

D5.3.2 Board members' interaction with the public, press, or other entities must recognize the same limitation and the similar inability of any individual Board member to speak for the Board however Board members may state Board Policies and other decisions unless confidential.

- D5.3.3** Board members will make no judgments of the General Manager's performance except as that performance is assessed against explicit Board policies by the official process.
- D5.3.4** Board members will make no judgments of staff performance.
- D5.3.5** Neither the Board nor any individual as a Board member may attempt to influence staff regarding store business.
- D5.4** An individual Board member shall maintain confidentiality to protect the Co-op's interests and financial viability.
- D5.4.1** Board members shall not discuss disputed or confidential corporate actions, policies, or issues with Co-op member-owners, employees, or the general public unless the Board decided that such information is no longer confidential.
- D5.4.2** All issues related to personnel, real estate, business strategies and goals, pending litigation, and details of the Co-op's financial status will be considered sensitive issues subject to confidentiality unless or until full disclosure is approved by the Board as a whole.
- D5.4.3** The expiration of term of office, by termination or otherwise, does not release the obligation to maintain confidentiality.
- D5.5** Board members shall contribute productively to the Board's work.
- D5.5.1** Board members agree to attend regularly and participate actively in Board meetings, training sessions, and retreats.
- D5.5.2** Board members agree to come to Board meetings prepared to participate responsibly by having read all meeting materials.
- D5.5.3** Board members have a responsibility to express their own opinions.
- D5.5.4** Board members shall respect the rights of others to communicate their ideas free from interruption and without intimidation. Board members should listen respectfully to the opinions of others and honor divergent opinions.
- D5.5.5** Board members must accept group decisions as legitimate.
- D5.5.6** Board members agree to share responsibility for group behavior and productivity.
- D5.5.7** Board members agree not to dominate Board meeting time, nor to expect the Board to deal with topics that are not appropriate for the Board.
- D5.5.8** Board members shall support the President on Board discipline and Board accountability.
- D5.6** An individual Board member may disagree with a policy approved by or action taken by the majority of the Board. However, once action is taken s/he will support that policy or action as being the considered judgment of the Board.
- D5.6.1** An individual Board member shall have the right to present additional evidence and argument to the Board for further consideration.
- D5.7** Any Board member who does not follow the Board conduct policy shall resign from the Board voluntarily or if requested to do so by a 2/3 vote of the remaining Board.
- D5.8** Any Board member who is also a paid employee has the same duties and responsibilities as any other Board member and in addition has the duty of ensuring segregation of staff and

Board responsibilities.

D5.8.1 A Board member who is also a paid employee is responsible to the member-owners as a whole and is not a Board representative of staff.

D5.8.2 A Board member who is also a paid employee is responsible for adherence to the Board Members' Code of Conduct policies at all times, including in the work environment.

D5.8.3 If a Board member who is also a paid employee becomes subject to employee performance concerns such as written warnings or probationary status due to substandard performance of his/her duties at the Co-op, the President has the discretion to require that the Board member take a leave of absence from the Board until his/her performance improves and s/he is no longer subject to said performance concerns.

D5.8.3.1 If termination of paid employment at the Co-op occurs for any reason, the Board member will resign from the Board.

D6 Board Committee Principles

The Board may appoint committees to help carry out its responsibilities. Board committee work reinforces the work of the Board. Board committees will not interfere with delegation from the Board to the General Manager.

D6.1 Board committees are to help the Board do its work, not to advise nor help the staff do its work. Board committees assist the Board by carrying out Board processes, by preparing policy alternatives, and by identifying policy implications for Board deliberation.

D6.2 Board committees may not speak nor act for the Board except when formally given authority for specific and time-limited purposes. Authority granted to Board committees will be carefully stated in writing and will not conflict with authority delegated to the General Manager.

D6.3 Members of Board committees are to avoid over-identification with the work of the committee at the expense of the work of the Board. A Board committee that has helped the Board create a policy cannot be used to monitor that policy.

D6.4 Board committees cannot exercise authority over staff nor have direct dealings with current staff operations.

D6.5 The Board will not impede its direct delegation to the General Manager by requiring him/her to obtain approval from a Board committee before taking action. The General Manager works for the Board, never for a Board committee or individual Board member.

D6.6 This policy applies only to committees that are formed by Board action, whether or not the committees include non-Board members. It does not apply to committees formed under the authority of the General Manager.

D7 Relationship To Member-owners

Since the Board obtains its authority from and is accountable to member-owners, the Board will maintain a credible and continuing link with them.

D7.1 The Board has fiduciary and legal responsibility to member-owners.

D7.2 The Board shall always act in the best interest of the Co-op as a whole.

D7.2.1 To make informed policy decisions, the Board must understand the values and needs of member-owners by soliciting adequate and appropriate information from them.

D7.3 The Board shall communicate with member-owners on its role, its activities, and its decisions.

D7.3.1 The Board will build and sustain a sense of ownership, pride, and loyalty among member-owners through its delegation as stated in Policy B9 Membership and monitoring of compliance to that Policy.

D7.3.2 The Board will ensure effective communication of the vision and mission of the Co-op to member-owners.

D7.4 The Board will ensure that distribution of patronage refunds takes into consideration the Co-op's need for adequate capital.

D7.5 The Board is accountable to member-owners and will ensure that the Co-op meets all requirements of law and bylaws for its relationship with member-owners.

D7.5.1 The Board will hold an annual meeting and prepare a written annual report to member-owners.

D7.5.2 At least annually, the Board will disseminate a statement of its values, a report of the Co-op's financial resources, and a summary of the services and benefits provided to member-owners.

D7.6 The Board ensures bylaws are current, complied with, and meet the needs of the Co-op. The Board proposes bylaw amendments to the member-owners for approval as needed.

D8 Cost of Governance

The Board will invest in learning to govern well.

D8.1 Board skills, supports, and methods will be sufficient to ensure excellent governance.

D8.1.1 Education and training will be used liberally to orient potential or new Board members, as well as to maintain and increase skills and understanding of existing Board members. This includes but is not limited to the use of consultants, attendance at conferences, purchase of resources, and workshops.

D8.1.2 Outside monitoring assistance will be arranged as needed so the Board can exercise confident control over the Co-op's performance. This includes but is not limited to fiscal audits and external monitoring of Board policy.

D8.1.3 Outreach such as surveys, forums, focus groups, and an annual meeting will be used to link the Board to member-owners' viewpoints and values.

D8.1.4 Board administrative support will be provided as needed.

D8.1.5 Board perpetuation costs, such as recruitment and election costs, will be expended.

D8.2 Costs will be incurred prudently, though not at the expense of endangering the development and maintenance of superior governance capabilities.

D8.2.1 The Board may spend up to 1% of the Co-op's gross income in any fiscal year for the costs of governing with excellence.