

The Food Co-op Policy Register

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Revised 4/22/02

**Ends Policies – The Food Co-op
Adopted 2003, Prioritized 9/3/04**

Global Ends Policy: The Food Co-op is a community center that is engaging, inclusive, diverse, welcoming and accessible to members and potential members.

A1. Prosperous local organic farms and other local producers supply products year-round to the community through the Food Co-op at fair prices to both customers and producers. Customers have access to select “market basket” (staple) foods at below market prices.

A2. An educated, engaged, responsible and well-compensated work force exists in our Co-op, serving our community.

A3. A culture of self-responsibility exists throughout the Food Co-op and our community, resulting in customers making informed choices about the products they buy.

A4. The Food Co-op works in cooperation with local, regional, national and international cooperatives to serve, strengthen and enrich our community while also supporting and encouraging cooperative communities as a whole.

A5. A transferable business and organizational model exists that fosters development of the Food Co-op and other co-operative endeavors which contribute to the prosperity of the community.

**POLICY B: EXECUTIVE LIMITATIONS
GLOBAL EXECUTIVE LIMITATIONS**

The General Manager has an obligation to carry out the policies of the Board of Directors. S/he is the means by which the Board achieves its expressed intentions and purposes on behalf of the Co-op. This implies broad powers, although s/he remains accountable to the Board.

In exercising these powers, the General Manager shall neither cause nor allow any practice, activity, decision or organizational circumstance which is illegal, imprudent, unethical or in violation of The Cooperative Principles.

This policy will be monitored and reviewed in accordance with the schedule in policies B1-B

**POLICY B1: EXECUTIVE LIMITATIONS
STAFF RELATIONS**

B1.1 The General Manager may neither cause nor allow harassment or inappropriate discrimination to or among employees and potential employees. Accordingly, the General Manager shall not:

B1.1.1 Cause nor allow discrimination based upon sex, race, age, physical or mental disability, sexual orientation, national origin, marital/parental status or religion (“inappropriate discrimination”).

B1.1.2 Cause nor allow harassment for any reason.

B1.1.3 Fail to take reasonable steps to prevent harassment or inappropriate discrimination.

B1.1.4 Fail to ensure that channels are established and known to staff to bring claims of harassment or inappropriate discrimination without fear of retaliation.

B1.2 The General Manager may not fail to provide a positive work environment by:

B1.2.1 Providing channels for staff input and participation into decisions about how their work is done.

B1.2.2 Providing sufficient tools, information and technology needed for staff to perform their jobs, and develop skills and knowledge.

B1.2.3 Cultivating a workplace culture, which emphasizes recognition and appreciation.

B1.2.4 Providing mechanisms for staff participation in operational improvements.

B1.2.5 Regularly obtaining an objective assessment of the employees' perception of the current work environment.

B1.2.6 Maintain an exit interview procedure for departing employees.

B1.3 The General Manager may neither operate nor allow the Co-op to operate without written personnel policies that are issued to all staff in their most current form. The personnel policies shall not fail to:

B1.3.1 Be regularly reviewed and updated to ensure current legal compliance.

B1.3.2 Protect the Co-op's "at will" status and inform staff that employment is neither permanent nor guaranteed.

B1.3.3 Be adhered to and consistently applied to all employees.

B1.3.4 Provide for a fair and thorough process for grievances by means of a known procedure, which can be used without bias.

B1.4 The General Manager may not fail to protect staff from unsafe, unhealthy or illegal conditions.

B1.5 The General Manager may not fail to establish and maintain reasonably current job descriptions for all jobs.

B1.6 The General Manager may not fail to provide adequate orientation and training so staff can successfully perform their jobs.

B1.7 The General Manager may not fail to evaluate each staff member at least annually based upon pre-established criteria.

B1.8 The General Manager may not fail to take disciplinary action as needed.

B1.9 The General Manager may not fail to provide for appropriate documentation, security and retention of personnel records and all personnel related decisions.

B1.10 The General Manager may not fail to provide for staff development by:

B1.10.1 Posting all job openings for staff.

This policy will be monitored by internal report and reviewed annually in May.

POLICY B2: EXECUTIVE LIMITATIONS COMPENSATION AND BENEFITS

B2. The General Manager may neither cause nor allow conditions that are illegal, unfair or that jeopardize the Co-op's fiscal integrity or public image with respect to compensation and benefits. Accordingly, s/he may not fail to:

B2.1 Establish a pay scale, based upon job responsibilities and the labor market, which is applied consistently to all people and positions.

B2.2 Establish current compensation and benefits, which take into consideration:

B2.2.1 The geographic or professional market for the skills employed.

B2.2.2 Revenues that can be safely projected.

B2.2.3 Internal equity.

B2.2.4 Evaluation of performance.

B2.2.5 A "livable wage." Accordingly, she/he shall not fail to

B2.2.5.1 Promptly commence research and investigation of the concept of a livable wage as it might apply to the employees of the Co-op

B.2.2.5.2 Prepare feasibility studies with respect to a variety of scenarios, so that when ENDS Policies are adopted, she/he can design a program and implementation timetable based upon the priorities established by the ENDS policies, as well as the restrictions established by the Executive Limitation Policies.

This policy will be monitored by internal report and reviewed annually in November.

POLICY B3: EXECUTIVE LIMITATIONS FINANCIAL PLANNING

B3. With respect to planning fiscal events (budgeting for all or any part of a fiscal period), the General Manager may not jeopardize either operations or the fiscal integrity of the Co-op. S/he shall not fail to coordinate the preparation of annual business plans, capital, cash and operating budgets. The General Manager shall not fail to monitor operational performance against these budgets and plans.

Accordingly, s/he may not cause or allow budgeting that:

B3.1 Contains too little detail to enable reasonably accurate

(a) projection of revenues and expenses,

(b) separation of capital and operational items,

(c) projections of cash flow,

(d) subsequent audit trails permitting comparison of actual line items to budgeted line items and

(e) disclosure of planning assumptions.

B3.2 Does not project sales conservatively and does not for calendar year 2004 constrain budgeted revenues and expenses to result in a net profit before taxes of 1% of sales.

B3.3 Deviates from Board stated priorities (Ends Policies) when making allocations among competing budgetary needs.

B3.4 Is not a part of a long-term strategy.

This policy will be monitored by internal report and reviewed annually in November.

POLICY B4: EXECUTIVE LIMITATIONS FINANCIAL CONDITION

B4. With respect to operating the Co-op in a sound and prudent manner, the General Manager may not jeopardize the long-term financial health of the Co-op. The General Manager shall not fail to monitor and enhance the financial health and working capital of the Co-op.

Accordingly, s/he may neither cause nor allow the Co-op to:

B4.1 Incur indebtedness other than (a) trade payables incurred in the ordinary course of business or (b) leases for equipment required for the ordinary course of business.

B4.2 Use legally restricted funds for any purpose other than that required by the restriction.

B4.3 Settle payroll, taxes and other debts in other than a timely manner.

B4.4 Make expenditures that deviate materially from Board policies on Ends.

B4.5 Operate without pricing policies and expense controls sufficient to generate long-term profitability.

B4.6 Fail to disclose all out of the ordinary fiscal activity to the Board.

B4.7 Fail to maintain sufficient cash to meet financial obligations on time; therefore, s/he shall not fail to:

B4.7.1 Maintain adequate Quick Ratio of 1 to 1 (Cash/Current Liabilities).

B4.7.2 Maintain adequate Current Ratio of 2 to 1 (Current Assets/Current Liabilities)

B4.8 Fail to maintain adequate Debt to Equity Ratio as of second quarter 2003 of 2.5 to 1, and 2 to 1 as of fourth quarter (Indebtedness/Equity).

B4.9 Policy removed 11/5/04.

B4.10 Fail to maintain adequate financial record keeping systems or fail to disclose to the Board any material changes in accounting systems or methods.

B4.11 Fail to meet or exceed all requirements of contracts, loans or other external obligations.

This policy will be monitored quarterly by internal report in November, February, May and August and annually by external report in March. The external report shall be by review or audit, but there shall be an audit no less than every third year.

The Board-hired accountant shall address compliance with all or portions of policies 4.1, 4.3, 4.7, and 4.10 in addition to its normal annual report.

This policy will be reviewed annually in March.

POLICY B5: EXECUTIVE LIMITATIONS ASSET PROTECTION

B5. The General Manager shall not fail to adequately protect the Co-op's assets nor allow disrepair, excessive risk, untraceable transactions or conflict of interest to occur in the management of the Co-op's resources.

Accordingly, s/he may neither cause nor allow the Co-op to:

B5.1 Permit insurance coverage of stock, building, furniture and equipment to fall below replacement value.

B5.2 Fail to properly maintain building and equipment or to provide for adequate facility and equipment, including but not limited to negotiating with the landlord for leases and repairs.

B5.3 Fail to have adequate internal controls in accordance with Generally Accepted Accounting Principles ("GAAP").

B5.4 Permit cash to be handled in an insecure manner.

B5.5 Abuse or misuse the Co-op's assets; therefore s/he may not:

B5.5.1 Fail to ensure that Co-op property will be inventoried according to a set procedure and time line.

B5.5.2 Fail to ensure that operational systems and a security system will be in place to ensure adequate safeguards against theft, loss or damage of property.

B5.6 Deposit the Co-op's funds in institutions where they are not fully protected; nor shall s/he

B5.6.1 Fail to ensure that the Co-op receives competitive terms from financial institutions including an appropriate balance of high returns and low costs, balanced with/supporting cooperative values.

B5.7 Permit unnecessary exposure of the Co-op, the staff or the Board members to claims of liability.

B5.8 Fail to develop a disaster plan.

This policy will be monitored annually by internal report in September and items B5.3 – B5.5 annually by external report in March." (Board hired accountant to address these points in addition to their annual report.)

This policy will be reviewed annually in March.

**POLICY B6: EXECUTIVE LIMITATIONS
COMMUNICATION AND COUNSEL TO THE BOARD**

B6 With respect to providing communication and support to the Board, the General Manager may neither cause nor allow the Board to be less than fully informed or to be misinformed.

Accordingly, the General Manager shall not fail to:

B6.1 Make the Board aware of relevant trends, public events of the Co-op or internal and external changes that affect the assumptions considered by the Board in creating existing policies.

B6.2 Submit timely, concise, accurate and understandable monitoring data required by Board policy in monitoring reports; therefore, s/he shall not fail to:

B6.2.1 Inform the Board, in a timely manner, of actual or anticipated non-compliance with Ends or Executive Limitations Policies, even if the Policy is not scheduled for monitoring at that time.

B6.2.2 Present monitoring reports that are clearly labeled and separated from other information presented to the Board.

B6.2.3 Present monitoring reports that explain the General Manager's interpretation of the policy and contain data that is clearly focused on all the policy points of the policy being monitored; therefore, s/he shall not fail to:

B6.2.3.1 Focus reports on outcomes and results rather than activities and efforts.

B6.2.4 Provide a statement of compliance or non-compliance and provide an explanation and a plan of remedy in any cases of non-compliance.

B6.3 Advise the Board if, in the General Manager's opinion, the Board or one of its members is not in compliance with the Board's policies on Board Process or Board/General Manager Relationship, particularly if detrimental to the work of the General Manager or the relationship between the General Manager and the Board.

B6.4 Provide the Board with sufficient staff administration to support governance activities and Board communication.

B6.5 Deal with the Board as a whole, except as appropriate through the Board president.

B6.6 Gather and provide information to the Board as needed and as requested for fully informed Board decisions; therefore, s/he shall not fail to:

B6.6.1 Inform the Board if, in the General Manager's opinion, any of the Board's policies should be clarified, amended, deleted or made more specific.

B6.6.2 Ensure that information for the Board's decisions be clearly labeled and separated from other information presented to the Board.

B6.6.3 Provide for the Board as many diverse viewpoints as needed for fully informed Board decisions, including staff and external points of view, issues and options.

B6.7 Inform the Board of the existence of any matter within her/his responsibility of which s/he has become aware that s/he believes has become controversial within the community or the Membership, the manner in which s/he is handling it, and his/her reasoning..

B6.7.1 This policy is intended to provide information to the Board and is not meant to reduce the authority or responsibility of the General Manager, nor is it meant to engender discussion of the issues raised unless the General Manager specifically requests that discussion.

This policy will be monitored by internal report and reviewed annually in June.

**POLICY B7: EXECUTIVE LIMITATIONS
MANAGEMENT CONTINUITY**

B7 The General Manager shall not operate without a written plan for management continuity.

Accordingly, the General Manager shall neither cause nor allow the Co-op to fail to:

B7.1 Establish a “chain of command” to be used at any time the General Manager is unable to serve (planned or emergency absence).

B7.2 Identify said persons to the Board and require the next in charge to attend at least one Board meeting per year.

B7.3 Establish and document systems and procedures so that others can find information needed to meet the Co-op’s obligations in a planned or emergency General Manager absence.

B7.4 Actively prepare (through training, coaching, development and access to information) at least one staff member who could be a candidate for General Manager if needed.

B7.5 Systematically plan for continuity of key management positions.

This policy will be monitored by internal report and reviewed annually in January.

**POLICY B8: EXECUTIVE LIMITATIONS
CUSTOMER SERVICE AND VALUE**

B8 The General Manager may not fail to ensure that our members and our customers receive high value in our products and services and shall not fail to promote locally-produced, organic, and whole foods.

Accordingly, the General Manager shall neither cause nor allow the Co-op to fail to:

B8.1 Offer a range of products and services that meet our customers’ needs.

B8.2 Use customer demand and market trends as significant criteria in establishing product selection guidelines.

B8.3 Work toward establishing purchasing and operating policies and procedures that bring the best price value for our customers while maintaining standards for quality and freshness and fiscal responsibility.

B8.4 Ensure that all merchandising and marketing practices be honest and accurate.

B8.5 Establish programs and materials that educate consumers about health, cooking, environmental sustainability and Co-op businesses.

B8.6 Provide for a safe and pleasant shopping experience for our customers; therefore, s/he shall not fail to:

B8.6.1 Ensure that staff is well trained in effective customer service techniques.

B8.6.2 Ensure that the store is clean and aesthetically pleasing.

B8.7 Develop and use a system for soliciting, considering and responding to customer opinion regarding preferences, product requests, complaints, suggestions, and visions.

B8.8 Ensure that the store not be utilized for political purposes; therefore, s/he shall not fail to:

B8.8.1 Ensure that signs, banners, newsletters and other materials endorsing or urging opposition to any (a) candidate(s) for public office, (b) referenda, propositions, resolutions or any other items on a public ballot, or (c) community matters not directly related to organic, natural and healthy foods, are not created by the Co-op nor displayed within the Co-op premises except that, with respect to item (c), petition gathering may be permitted at the store entrances so long as ingress and egress are not impeded.

This policy will be monitored by internal report and reviewed annually in July.

POLICY B9: EXECUTIVE LIMITATIONS MEMBERSHIP

B9 The General Manager shall not fail to establish, maintain and promote a vital membership program that builds a sense of ownership among members.

Accordingly, the General Manager shall not fail to:

B9.1 Ensure accurate and current member records including name, address, equity payments and eligibility for benefits and voting; nor may s/he:

B9.1.1 Permit unauthorized use of the membership information.

B9.1.2 Permit change of the membership equity requirement and significant change of membership benefits.

B9.2 Provide opportunities for members to participate in the Co-op.

B9.3 Ensure that the process and benefits of becoming a member are clear and that adequate membership information and application materials are readily available to everyone.

B9.4 Promote membership growth.

B9.5 Make readily available to members and the community the following: information and knowledge on cooperative, nutritional, consumer and environmental issues geared toward facilitating customer choice and timely information relating to cooperative policy formulation and decision-making; therefore s/he shall not fail to:

B9.5.1 Publish a newsletter on a frequent, consistent basis that provides the following:

- a. A perspective consistent with the stated positions of the Co-op, including By-Laws and policies.
- b. Educational articles on cooperatives and cooperative practices, nutrition and food, and health and environmental concerns.
- c. A timely accounting of issues being considered by the Co-op Board and timelines for those decisions and a discussion of decisions made by the Board.
- d. An impartial presentation of opposing points of view relating to Co-op issues.
- e. Information relating to Co-op store business and products.
- f. Timely information about, and encouragement to take part in, opportunities for membership participation and decision-making.

This policy will be monitored by internal report and reviewed annually in August.

POLICY B10: EXECUTIVE LIMITATIONS ENVIRONMENT AND OTHER STAKEHOLDER RESPONSIBILITIES

B10 The General Manager shall not fail to take reasonable measures to ensure that Co-op activities and practices minimize the Co-op's negative impact and maximize the Co-op's positive impact on the environment.

Accordingly, the General Manager shall neither cause nor allow the Co-op to fail to:

B10.1 Minimize or eliminate any release of pollutants.

B10.2 Minimize the creation of waste through reduction, reuse and recycling.

B10.3 Ensure that all waste is disposed of through safe and responsible methods.

B10.4 Reasonably minimize the use of non-renewable energy through improved efficiency and conservation.

B10.5 Minimize use of toxic cleansers and other products in the store and around the property/grounds.

B10.6 Ensure that its operations take into consideration the interests of its stakeholders, including its members, its staff, its customers, its suppliers, its neighbors, its community and its environment.

This policy will be monitored by internal report and reviewed annually in January.

**POLICY C: BOARD-GENERAL MANAGER RELATIONSHIP
GLOBAL POLICY**

The Board's only input/participation in the operational aspects, achievements, and conduct of the Co-op shall be through the General Manager.

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in March.

**POLICY C1: BOARD-GENERAL MANAGER RELATIONSHIP
UNITY OF CONTROL**

C1 Only decisions of the Board acting as a body are binding on the General Manager.

Accordingly,

C1.1 Decisions or instructions of individual Board members, officers or committees are not binding on the General Manager except in 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.

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in March.

**POLICY C2: BOARD-GENERAL MANAGER RELATIONSHIP
ACCOUNTABILITY OF GENERAL MANAGER**

C2 The Board holds only the General Manager accountable for the operation and management of the Co-op in accordance with the Board's policies.

Accordingly,

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 Neither the Board nor individual Board members will meet with staff members to discuss store business.

C2.4 The Board will view General Manager performance as successful when it complies with Board policies.

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in March.

**POLICY C3: BOARD-GENERAL MANAGER RELATIONSHIP
DELEGATION TO THE GENERAL MANAGER**

C3 The Board will direct the General Manager through written Ends policies to be achieved and Executive

Limitations policies to be complied with, allowing the General Manager to use a reasonable interpretation of these policies.

Accordingly,

C3.1 The Board will develop Ends policies instructing the General Manager to achieve them.

C3.2 The Board will develop Executive Limitations policies that limit the latitude of choice the General Manager may use.

C3.3 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, decisions, take all actions, establish all practice and develop all activity with respect to Co-op operations.

C3.4 The Board may change its Ends and Executive Limitations policies at any time. This may change the latitude of choice given to the General Manager with respect to Co-op operations.

C3.4.1 When making such a change, the Board will specify the expected compliance date.

C3.4.2 As long as a specific Ends Policy or Executive Limitations Policy is in place, the Board will respect and support the General Manager in the implementation of these policies.

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in March.

POLICY C4: BOARD-GENERAL MANAGER RELATIONSHIP MONITORING GENERAL MANAGER PERFORMANCE

C4 The General Manager's job performance will be systematically and rigorously monitored against accomplishment of Board Ends Policies and compliance with Board Executive Limitations Policies.

Accordingly,

C4.1 Monitoring is to determine the degree to which Board policies are being met. Only data which accomplishes this will be considered monitoring data.

C4.2 The Board will acquire monitoring data by one or more of three written report methods.

C4.2.1 Internal report, in which the General Manager provides compliance information to the Board.

C4.2.2 External report, in which an external, disinterested third party chosen by the Board assesses and reports on compliance with policies.

C4.2.3 Direct inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

C4.3 In every case, the standard for compliance shall be any reasonable interpretation of the Board policy being monitored.

C4.4 Monitoring reports should:

C4.4.1 Include data and facts for each part of the policy clearly focused on the policy. Statements of compliance alone, without data, will not be accepted.

C4.4.2 Include the date and name of person preparing.

C4.4.3 Include the complete text of the policy being monitored.

C4.4.4 Be clearly labeled and separated from other information and reports.

C4.4.5 Provide a conclusion stating in or out of compliance.

C4.4.6 In cases of non-compliance provide an explanation and plan.

C4.5 All policies that instruct the General Manager will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend upon a routine schedule.

C4.5.1 The monitoring schedule is as follows:

A Ends	Annual	Internal	July
B1 Staff Relations	Annual	Internal	May
B2 Compensation and Benefits	Annual	Internal	November
B3 Financial Planning	Annual	Internal	November
B4 Financial Condition	Quarterly	Internal	Nov, Feb
“	“	“	May, Aug
“	Annual	External	March
B5 Asset Protection	Annual	Internal	September
(B5.3-B5.7)	Annual	External	March
B6 Communication and Counsel to the Board	Annual	Internal	June
B7 Emergency Management Succession	Annual	Internal	January
B8 Customer Service and Value	Annual	Internal	July
B9 Membership	Annual	Internal	August
B10 Environment and Stakeholder	Annual	Internal	January

All Board-General Manager Relationship Policies will be evaluated according to the Board’s self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in March.

Revised: 11/22/02

**POLICY C5: BOARD-GENERAL MANAGER RELATIONSHIP
GENERAL MANAGER EVALUATION**

C5 The Board will evaluate the General Manager only on issues for which it has written policy and on all issues for which it has written policy. General Manager Evaluation is an ongoing, continuous process of policy monitoring. Annually, the Board will conduct a summary evaluation of the General Manager, which will be a compilation and review of compliance with Board policy as reported in Ends and Executive Limitations monitoring reports presented to the Board throughout the year.

C5.1 The Board may engage in a summary evaluation at any time; however, it will normally conduct an annual summary including all monitoring scheduled from November through October (the “reporting year”).

C5.2 Throughout the year, the Board will keep a current chart listing all reports, dates expected, dates received, compliance result, Board action and any relevant notes.

C5.2.1 All monitoring reports will be included in the summary chart regardless of the type of report (internal, external, direct inspection).

C5.2.2 The secretary will ensure that an accurate official record is maintained in the chart.

C5.3 At the end of the reporting year, the General Manager may submit additional data updating the monitoring of any policy, whether or not the Board has required such report.

C5.3.1 The General Manager may suggest changes in policy; however, performance will be compared to existing policy, not proposed policy.

C5.4 The annual summary evaluation will follow an established procedure.

C5.4.1 Within 30 days of the end of the reporting year, each Board member will receive a copy of the complete current chart. Board members may review any reports received during the year and may request additional copies as needed.

C5.4.2 Within 60 days of the end of the reporting year, the Board will hold a meeting in executive session to discuss the summary evaluation.

C5.4.3 During this session, the Board will come to a conclusion regarding the General Manager's overall performance in view of the summary chart and previously submitted monitoring data. No new performance criteria will be considered.

C5.4.4 The Board will decide what action(s) it wishes to take as a result of the summary evaluation.

C5.4.5 A Board task force will be formed consisting of the president and one other Board member to:

Meet with the General Manager to report the Board summary evaluation conclusions

Negotiate compensation and contract (if any)

Report outcomes of the meeting with the General Manager to the full Board

Document the summary evaluation and outcomes for the General Manager's personnel file

Ensure confidentiality of information

C5.5 Changes to Board policy may be suggested by the Board or the General Manager during the time of the evaluation but will not impact the judgment in the summary evaluation.

This policy will be monitored by internal report annually in the month following summary evaluation. (Policy meaning the entire C section, and monitored by schedule on Monitoring Check Sheet.)

POLICY D: BOARD PROCESS GLOBAL POLICY

The purpose of the Board is to ensure that the Co-op achieves its Ends on behalf of the members. The Board will provide leadership and direction by writing and monitoring governing policies.

This policy will be monitored and reviewed in accordance with the schedule in policies D1-D8.

POLICY D1: BOARD PROCESS GOVERNING STYLE

D1 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) future rather than past or present and 7) pro-activity rather than reactivity.

D1.1 The Board will cultivate a sense of group responsibility. The Board will be responsible for excellence in governance. The Board will be the initiator of policy, not merely a reactor to staff initiatives. The Board will use the expertise of individual Board members to enhance the abilities of the Board as a body rather than to substitute individual judgments for the Board's values. The Board as a whole will be responsible for fulfilling Board commitments and therefore will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling Board commitments.

D1.1.1 Each member of the Board shares the responsibility for effective Board leadership including meeting preparation and participation.

D1.1.2 Each Board member shall support the Board President's responsibility and his/her right to interpret and enforce Board Process policies.

D1.1.3 If at any time during a Board meeting any Board member believes that the Board is not adhering to one or more of its policies, the policy in question should be read aloud.

D1.2 The Board will direct, control and inspire the Co-op through careful establishment of broad written policies reflecting the Board's values and perspectives (about ends to be achieved and means to be avoided). The Board's

major policy focus will be on the intended long-term effects of the Co-op, not on administrative or operational means of attaining those effects.

D1.2.1 The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policymaking principles, respect of roles and ensuring continuance of governance capability. Continual Board development will include orientation of new Board members in the Board's process and periodic discussions of process improvement.

D1.2.2 The Board will monitor and discuss the Board's process and performance annually and at each meeting. Self-monitoring will include comparison of Board performance to policies in the Board Process and Board-General Manager Relationship categories.

D1.3 The Board of The Food Co-op hereby adopts "consensus of those attending the meeting, minus one" as its method of decision-making, except as otherwise provided in the By-laws or other more specific policies contained in Category D of the Policies.

D1.3.1 In the event that all members attending the meeting agree to the proposition, then it shall have passed by consensus. [Board members shall not pressure each other to arrive at a decision; however, each Board member has the personal responsibility to state that s/he feels pressured if such is the case].

D1.3.2 If a majority of the members present are in favor of a proposition, and no member has chosen to block, then it shall have passed by consensus.

D1.3.3 If less than a majority of members present are in favor of a proposition, whether or not anyone has blocked, then the proposition shall not have passed, and the members present shall determine by majority whether to table the item or continue discussion at the next meeting. Any proposition that is tabled may not be re-introduced for six months.

D1.3.4 If a majority of members present are in favor of a proposition and one member has chosen to block, then decision shall be postponed until the next meeting. The purpose of this postponement is to provide the blocking member with an opportunity to put forward a solution, which addresses the concerns of those in favor of the proposition. If s/he elects not to do so, then the proposition shall be adopted. If s/he elects to do so, then the new proposition shall be discussed, with the intent of achieving consensus; however, only those who had participated in the discussion at the prior meeting shall be entitled to participate in this consensus process.

This policy will be monitored by internal report and reviewed annually in February.

POLICY D2: BOARD PROCESS BOARD JOB DESCRIPTION

D2 The job of the Board is to represent the membership in establishing governing policies and to monitor and ensure organizational performance.

D2.1 The Board will produce and maintain a link between the Co-op and the Members.

D2.2 The Board will produce written governing policies that, at the broadest levels, address categories of decisions.

D2.2.1 Ends - Organizational outcomes (what good?), recipients (for whom?) and their relative worth (at what cost?).

D2.2.2 Executive limitations - Constraints on the General Manager's authority which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

D2.2.3 Board-General Manager Relationship - How power is delegated and its proper use monitored and the General Manager's role, authority and accountability.

D2.2.4 Board Process - Specifications on how the Board conceives, carries out and monitors its own work.

D2.3 The Board will ensure performance by monitoring compliance with its policies.

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

D2.3.2 The Board will assess and improve its own performance by regular assessment of compliance with Board policies on Board Process and Board-General Manager Relationship.

D2.4 Because one of the Board's major responsibilities is the careful crafting of written policies to guide its own efforts and the efforts of the General Manager, the Board will continually be developing new policies and modifying existing policies. The following procedure outlines the steps by which new or modified existing policies are typically developed:

D2.4.1 New Limitations policies or modifications of existing policies generally arise out of the concerns, ideas or worries of Board members or others in the Co-op community.

D2.4.2 When a Board member raises an issue, the facilitator or chair will ask whether a majority of Board members share the concern. If not, the concern will be dropped for the time being. If the concern is shared, proceed to the next step.

D2.4.3 The Board will determine, or delegate to a task group to determine, whether a policy already exists to address the concern. If not, proceed to the next step.

D2.4.4 The Board will determine what kind of policy is needed and where it would fit within the existing framework.

D2.4.5 The Board will assign a priority to the issue or send it to the President, who will situate the issue within a prioritized list of issues for policy development.

D2.4.6 The Board or President will determine whether a more general policy is needed before adding the new policy language. If so, the Board will institute the more general policy first and then institute the more specific policy.

D2.4.7 The Board will discuss the issues and outline the policy language needed.

D2.4.8 The Board will either:

- 1) draft the new policy itself;
- 2) assign the drafting task to a task group; or
- 3) assign a task group to come up with two or more possible policies, along with a discussion of the pros and cons of each policy option.

D2.4.9 The Board will decide at a Board meeting whether or not to approve the proposed policy.

D2.4.10 The Board Administrative Assistant shall distribute the approved policy at the next Board meeting.

This policy will be monitored by internal report and reviewed annually in September.

POLICY D3: BOARD PROCESS BOARD AGENDA PLANNING

D3 To accomplish its purpose with a governance style consistent with Board policies, the Board will follow an annual agenda that reviews Ends and continually improves Board process/policy.

D3.1 The Board's annual governance cycle will start in November with the development of its agenda for the next fiscal year. The Board calendar will include all Board events such as membership meetings, Board training, monitoring schedule and review of specific policies. The calendar will be reviewed on a regular basis.

D3.2 At the end of each Board meeting, the Board's unfinished agenda items and the annual calendar will provide the basis for determining the broad outlines of the next meeting's agenda. The following process will be used to determine the Board's agenda:

D3.2.1 In the interim before the next meeting, Board members should review the designated policy areas scheduled for the next agenda and consider if there are policies that they would like to see added, modified or deleted. If so, they should prepare a written statement describing these policy changes, along with a discussion of their rationale and submit it to the Board President.

D3.2.2 The Board President will review these statements, determine relevancy and priority for discussion, and produce an agenda for the next Board meeting. Urgent items that show up in the interim and require Board attention may also be included.

D3.2.3 The General Manager's internal monitoring reports will be included on the agenda. However, discussion is warranted only if Board members have objections to the monitoring reports, including potential non-compliance, substandard reporting, unreasonable interpretation of policy, factual inaccuracies or questions in aid of valid objections.

D3.2.4 The agenda and all written statements and reports will be included in the next Board packet.

D3.2.5 The agenda may be modified by the Board at the beginning of the next meeting.

D3.3 When the Board receives a letter addressed to it, a copy shall be included in the packet for the next Board meeting and it shall be placed on the Agenda.

D3.3.1 The Agenda item for discussion shall be whether, under Board policies, the substantive matters contained in the letter are within the purview of the General Manager or the Board.

D3.3.2 If it is determined that the substantive issues raised by the letter are the responsibility of the General Manager, it shall be referred to her/him.

D3.3.3 If it is determined that the substantive issues raised by the letter are the responsibility of the Board, the Board shall determine whether the matter shall be added to the current or the following meeting Agenda.

D3.3.4 In any case the Board shall respond to the writer of the letter advising him/her as to its disposition.

This policy will be monitored by internal report annually in October and at the end of every Board meeting by oral comment. (This is included for an evaluation of each Board meeting.)

This policy will be reviewed annually.

POLICY D4: BOARD PROCESS PRESIDENT'S ROLE

D4 The President ensures the integrity of the Board's process and occasionally may represent the Board to outside parties.

D4.1 The job result of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

D4.1.1 Meeting discussion content will be only those issues that, according to Board policy, clearly belong to the Board to decide, not the General Manager.

D4.1.2 Deliberation will be fair, open and thorough but also timely, orderly and kept to the point.

D4.2 The authority of the President consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-General Manager Relationship, except where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.

D4.2.1 The President is empowered to chair Board meetings, with all the commonly accepted power of that position (for example: ruling, recognizing).

D4.2.2 The President has no authority to supervise or direct the General Manager.

D4.2.3 The President may represent the Board to outside parties in announcing Board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.

D4.2.4 The President may delegate this authority but remains accountable for its use.

This policy will be monitored by internal report annually in November and at the end of every Board meeting by oral comment.

This policy will be reviewed annually.

POLICY D5: BOARD PROCESS BOARD MEMBERS' CODE OF CONDUCT

D5 The Board commits itself to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

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

D5.1.1 Board members must represent unconflicted loyalty to the interests of the ownership. This accountability supercedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. This accountability supercedes the personal interest of any Board member acting as an individual consumer of the organization's services.

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

D5.2.1 An individual member shall be under an affirmative duty to disclose their financial or other interest in any matter under consideration by the Board. Members having such an interest may not participate in the decision of the matter nor in the discussion of the matter unless otherwise determined by the Board.

D5.2.2 Board members must not use their positions to obtain for themselves, family members or close associates employment within the organization or a business relationship with the Co-op.

D5.3 Any Board member who is also a Paid Employee has the duty of ensuring segregation of Board and Staff responsibilities.

D5.3.1 As stated in D5.1.1, a Board member must have unconflicted loyalty to the interests of the ownership. A Paid Employee is therefore always a Board Member, with attendant responsibilities and a higher code of behavior at all times in the community, including the work environment. A Board member who is also a paid employee is not a Board representative of Staff, although his/her special knowledge may be helpful in discharging his/her duty to the Board and to the Membership.

D5.3.2 It is recognized that his/her staff position may create a conflict of interest, to be resolved as discussed in D.5.2.1.

D5.3.3 The Board member must respect the confidentiality of any information learned as a Board member. The expiration of his/her term of office, by termination or otherwise, does not terminate this obligation.

D5.3.4 The Board member who is also a Paid Employee and does not follow these higher standards of loyalty and responsibility shall be subject to removal under the By-laws and may be subject to disciplinary action in the workplace.

D5.3.5 If the Board Member becomes subject to a "Performance Improvement Plan" due to substandard performance of his/her duties at the Co-op, the Board Member will be expected to take a leave of absence from the Board until his/her performance improves and s/he is no longer subject to said Performance Improvement Plan. If the Performance Improvement Plan results in termination of paid employment at the Co-op, the Board Member may be subject to removal from the Board under the By-laws.

D5.4 Board members may not attempt to exercise individual authority over the Co-op except as a representative of the Board or the Co-op, as explicitly set forth in Board policies.

B5.4.1 Board members' interaction with the General Manager or with staff must recognize the lack of authority in any individual Board member or group of Board members except as noted above.

B5.4.2 Board members' interaction with the public, press or other entities must recognize the same limitation and the similar inability of any Board members to speak for the Board.

B5.4.3 Board members will make no judgments of the General Manager or staff performance except through the Board's official process.

B5.4.4 Board members may only speak for the Board as specifically authorized or by stating official Board decisions or policies.

D5.5 An individual member shall maintain confidentiality as needed to protect the Co-op's interests and financial viability. Directors shall not discuss disputed or confidential corporate actions, policies or issues with Co-op members, employees or the general public unless the Board decided that such information is no longer confidential. 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.

D5.6 Individual members shall contribute productively to the Board's work.

D5.6.1 Board members should regularly attend and actively participate in the Board's meetings, training sessions and retreats.

D5.6.2 Board members should come to Board meeting prepared to participate responsibly by having read all meeting materials.

D5.6.3 Board members have a responsibility to express one's own opinion.

D5.6.4 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 to honor divergent opinions.

D5.6.5 Board members must accept group decisions as legitimate.

D5.6.6 Board members should share responsibility for group behavior and productivity.

D5.6.7 Board members should not dominate Board meeting time nor expect the Board to deal with topics that are not appropriate for Board.

D5.6.8 Board members shall support the Board President on Board discipline and Board accountability.

D5.7 An individual member may disagree with a policy approved by or action taken by the Board. However, once action is taken he/she will support that policy or action as being the considered judgment of the Board.

D5.7.1 An individual member shall have the right to present further evidence and argument to the Board for further consideration and as a result, the Board may reconsider its actions in a manner consistent with Board practices.

D5.8 Individual Board members who do not follow the Board conduct policy in this Section D5 shall be subject to removal under the By-laws.

This policy will be monitored by internal report annually in December and at the end of every Board meeting by oral comment.

This policy will be reviewed annually.

POLICY D6: BOARD PROCESS BOARD COMMITTEE PRINCIPLES

D6 Board committees, when used, will be assigned so as to reinforce the Board's job and so as never to interfere with delegation from the whole Board to the General Manager.

D6.1 Board committees are to help the Board do its job, never to help or advise staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have dealings with current staff operations.

D6.2 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the General Manager.

D6.3 Board committees cannot exercise authority over staff. Because the General Manager works for the full Board, s/he will not be required to obtain approval for a Board committee before an executive action.

D6.4 Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore a Board committee that has helped the Board create policy on some topic will not be used to monitor organizational performance on that same topic.

D6.5 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.

This policy will be monitored by internal report annually in January and at the end of every Board meeting by oral comment.

This policy will be reviewed annually.

POLICY D7: BOARD PROCESS RELATIONSHIP TO MEMBERS

D7 The Board obtains its authority from and represents the members. The Board is responsible for linkage with members.

D7.1 The Board has fiduciary and legal responsibility to the members.

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 the members. Therefore the Board must obtain adequate and appropriate information on the members.

D7.3 The Board shall communicate periodically to the members on its role, its activities and its decisions.

D7.3.2 The Board will build and sustain a sense of membership, pride and loyalty among members.

D7.3.3 The Board will ensure the effective communication of the vision and mission of the Co-op to the members.

D7.4 The Board will ensure that the member equity program contributes adequate capital for the Co-op.

D7.4.1 The Board is responsible for ensuring that the process and benefits of becoming a member in the Co-op is clear and available to everyone.

D7.5 The Board will ensure that the Co-op meets all requirements of law and bylaws for relationship with members including holding an annual meeting and preparing a written annual report to members.

D7.5.1 At least annually, the Board shall disseminate a statement of its values and a report of the Co-op's financial resources and how those resources have been translated into services.

This policy will be monitored by Internal report semi-annually in December and June and will be reviewed annually.

POLICY D8: BOARD PROCESS COST OF GOVERNANCE

D8 Because poor governance costs more than learning to govern well, the Board will invest in its governance skills.

D8.1 Sufficient resources will be allocated to develop Board skills and process to ensure governing with excellence.

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

D8.1.2 Outside monitoring assistance will be arranged as needed so the Board can exercise confident control over organizational performance. This includes but is not limited to financial and external monitoring of Board policy.

D8.1.3 Outreach will occur as needed to link the Board to member viewpoints and values such as surveys, forums, focus groups and the annual meeting.

D8.1.4 Board administrative support will be provided.

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

D8.2 Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of quality Board performance.

D8.2.1 The Board may spend up to \$25,000 annually for the cost of governing with excellence.

D8.2.2 Fiscal figures in D8.2.1 shall be periodically amended in conjunction with the Co-op's yearly budgeting cycle.

This policy will be monitored by internal report and reviewed annually in March.

Change Table

Date	Policy Changed (Letter, number, and Name)	Change type (addition, deletion, revision, other)	Comment
9/27/02	B2: Compensation And Benefits	Revision	The Board agreed to modify Policy B2 to be monitored by internal report and reviewed annually in November. Intent: At management's request Wages and Compensation monitoring reports would be reviewed in November along with the Financials and Financial plan.
11/29/02	C4.5.1 Board-Senior Team Leader Relationship Monitoring Senior Team Leader Performance	Revision	The Board approved an Amendment to Monitoring Schedule in Policy C4.5.1 to reflect that Policy B2 Compensation and Benefits will now be monitored in November rather than October. Intent: See 9/27/02 change.
11/29/02	Policy B3.2 – Financial Planning	Revision	The Board agreed to amend Policy 3.2 to read as follows: "The Senior Team Leader may not cause or allow budgeting that does not project sales conservatively and does not for calendar year 2004 constrain budgeted expenses to result in a net profit before taxes of 1% of sales." Intent: The Board clarified that 1-2% of sales is comparable in the grocery business. It was noted that our social priorities are outlined in the Ends Policies.
11/29/02	Policy B4 – Financial Condition	Revision	The Board agreed to amend Policies B4.7.1 and B4.7.2 respectively to read as follows: "Maintain adequate Quick Ratio of 1 to 1" and "Maintain adequate Current Ratio of 2 to 1." Intent: In the past, Management has been interpreting adequate to mean "adequate current ratio of 1.8 to 1." The proposed changes are more conservative and represent ratios currently being achieved by the Co-op.

11/29/02	Policy B4 – Financial Condition	Revision	The Board agreed to amend Policy 4.8 to read as follows: “Fail to maintain adequate Debt to Equity Ratio as of second quarter 2003 of 2.5 to 1, and 2 to 1 as of the fourth quarter.”
11/29/02	Policy B4 – Financial Condition	Revision	The Board agreed to amend Policy 4.9 to read as follows: “Fail to generate sales of at least \$5.8 million during calendar year 2003.”
12/17/02	Policy D8	Revision	The Board agreed to raise Policy D8.2.1 Cost of Governance to \$25,000 (roughly .4%) Intent: to expand member linkage and Board development opportunities, as well as access to information, education and administrative tools. After the Board has evaluated its budget needs, it should consider what percentage of sales other Co-ops devote to Board budgets
12/17/02	Policy D1	Addition	The Board approved the creation of new Policy number D1.3 Consensus Policy. Intent: To comply with the By-laws Article III, Section 4(B)(4), which requires that the Board develop and publish the consensus decision-making process to be utilized.
1/24/03	Policy B5 – Asset Protection	Revision	The Board agreed to amend the last paragraph to read that “This policy will be monitored annually by internal report in September and items B5.3 – B5.5 annually by external report in March.” Intent:
1/23/03	Policy B4 – Financial Condition	Revision	Consensus Decision #2003-01-07: The Board agreed to amend the third sentence in the last paragraph to read that “The Board-hired accountant shall address compliance with all or portions of policies 4.1, 4.3, 4.7, and 4.10.”
4/11/03	All Policies	Revision	In accordance with the Board’s decision to change its meeting schedule, there was agreement to modify the policies and planning calendar to reflect that the months set forth for monitoring reports and reviews of policies be moved to the following month, so that, for example, reports and reviews formally due in April would now be due in May. 6/6/03 Discussion resulted in support for creating a Policy Governance committee to conduct reviews of all policies, as scheduled on the Board Planning Calendar, in the month indicated and to report the results and any recommendations for changes to the Board in the month following.
8/8/03	Policy B2 – Compensation and Benefits	Addition	B2.2.5 A “livable wage.”
9/5/03	Policy D7 – Relationship to Members	Revision	Monitoring by Internal (versus “Board”) report semi-annually in December and June (versus “quarterly”). Intent: consistency with other D Policies and less frequent monitoring.
9/5/03	Policy B8 – Customer Service and Value	Revision	The Board agreed to revise Policy B8 to add the word “local” as follows. In the opening

			<p>paragraph – “The Senior Team Leader may not fail to ensure that our members and our customers receive high value in our products and services and shall not fail to promote locally-produced, organic, and whole foods.”</p> <p>Intent: To be more consistent with the recently-adopted Ends Policies, which support fostering local food sources, anticipating and supporting other cooperative endeavors in the community, and the visions of members</p>
9/5/03	Policy B8 – Customer Service and Value	Revisions	<p>The Board agreed to modify Policy B8.7 to add the word “visions” as follows: B8.7 Develop and use a system for soliciting, considering and responding to customer opinion regarding preferences, product requests, complaints, suggestions, and visions.</p> <p>Intent: same as above.</p>
7/9/04	STL title change to GM		Change title from Senior Team Leader to General Manager
9/3/04	B 1 Staff Relations	Revision	Add policy B1.2.6 “The General Manager shall not fail to maintain an exit interview procedure for departing employees.”
11/5/04	B4 Financial Condition	Revision	Remove B4.9