



Board of Directors Policy Register

Updated: May 2020

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Policy Type: Ends
Policy Title: **A – Global End**
Last Revised: January 1, 2020

Community Co-op Market exists to improve the health and well-being of the communities and neighborhoods served by its retail food stores.



Policy Type: Executive Limitations

Policy Title: **B – Global Executive Constraint**

Last Revised: January 1, 2020

The CEO must not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, or in violation of the Cooperative Principles.



Policy Type: Executive Limitations

Policy Title: **B1 – Financial Condition and Activities**

Last revised: March 1, 2020

With respect to the actual, ongoing financial conditions and activities, the CEO must not cause or allow the Cooperative to be unprepared for future opportunities or the development of fiscal jeopardy.

The CEO must not:

1. Allow these key operational indicators to fall below healthy benchmarks:
 - a. Sales growth
 - b. Net income
 - c. EBITDA
 - d. Liquidity
 - e. Solvency
2. Make a single capital expenditure or commitment or sell capital assets exceeding \$10,000 in book value except as authorized by the capital budget.
3. Default on any terms that are part of Co-op's financial obligations.
4. Allow late payment of contracts, payroll, loans or other financial obligations.
5. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
6. Acquire, encumber or dispose of real estate or enter into long-term real estate leases.
7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
8. Use restricted funds for any purpose other than that required by the restriction.
9. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).



Policy Type: Executive Limitations

Policy Title: **B2 – Planning and Financial Budgeting**

Last revised: January 1, 2020

The CEO must not operate without annual and multi-year budgets and plans that address intentional and improved Ends accomplishment along with avoidance of fiscal jeopardy.

The CEO must not:

1. Create plans or budgets that
 - a. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”
 - b. Omit credible projection of revenues and expenses, owner investment, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
 - c. Do not address excellence in business systems and operations.
 - d. Do not consider internal and external risks.
 - e. Have not been tested for feasibility.
2. Provide less for Board prerogatives during the year than is set forth in the board budget.



Policy Type: Executive Limitations
Policy Title: **B3 – Asset Protection**
Last revised: March 1, 2020

The CEO must not allow assets to be unprotected, unreasonably risked, or inadequately maintained.

The CEO must not:

1. Allow equipment and facilities to be inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property.
5. Allow business, member or customer data, intellectual property, or files to be unprotected from loss, theft or significant damage. This information must not fail to be:
 - a. Processed lawfully, fairly and in a transparent manner
 - b. Collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes
 - c. Accurate and, where necessary, kept up to date
 - d. Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed
 - e. Processed in a manner that ensures appropriate security of the data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage
 - f. Stored securely using modern software that is kept up to date including sufficient back-up and disaster recovery
6. Allow purchasing that is uncontrolled or subject to conflicts of interest.
7. Allow lack of due diligence in contracts.
8. Allow damage to the Co-op's public image.



Policy Type: Executive Limitations

Policy Title: **B4 – Member Rights and Responsibilities**

Last Revised: January 1, 2020

The CEO must not allow members to be uninformed or misinformed of their rights and responsibilities.

The CEO must not:

1. Allow any individual to become a member unless that individual meets the eligibility requirements described in our Bylaws, and pays the required \$100 equity (or begins an equity payment plan).
2. Operate without a membership agreement that clearly defines the Co-op's, as well as members' rights and responsibilities.
3. Operate without a membership option for those who fall under special circumstances.



Policy Type: Executive Limitations

Policy Title: **B5 – Treatment of Customers**

Last Revised: January 1, 2020

The CEO must not be unresponsive to customer needs.

The CEO must not:

1. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
2. Allow an unsafe shopping experience for our customers.



Policy Type: Executive Limitations
Policy Title: **B6 - Staff Treatment and Compensation**
Last revised: March 1, 2020

The CEO must not treat staff in any way that is unfair, unsafe, or unclear.

The CEO must not:

1. Operate without written personnel policies that:
 - a. Clarify rules for staff.
 - b. Provide for fair and thorough handling of workplace conflicts. The board should not be included as a participant in the conflict resolution process.
 - c. Are accessible to all staff.
 - d. Inform staff that employment is neither permanent nor guaranteed.
 - e. Encourage employees to report unethical or illegal behavior.
 - f. Include a Whistleblower Policy that encourages staff to report any evidence of wrongdoing, provides clear guidance on how to do so and prohibits any form of retaliation for doing so.
2. Cause or allow personnel policies to be inconsistently applied.
3. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
4. Establish compensation and benefits that are internally or externally inequitable.
5. Change the CEO's own compensation and benefits.



Policy Type: Executive Limitations

Policy Title: **B7 – Communication to the Board**

Last Revised: January 1, 2020

The CEO must not cause or allow the Board to be uninformed or unsupported in its work.

The CEO must not:

1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy.
2. Fail to present, in conjunction with B1 monitoring reports, summary quarterly financial statements (income, balance sheet, cash flow) that include comparison to the same period prior year and current budget.
3. Report in an untimely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
4. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the organization, or internal and external changes.
5. Allow the Board to be unaware of significant operational activities and programs in order that the board may effectively communicate with the membership.
6. Withhold an opinion if the CEO believes the Board is not in compliance with its own policies on Board Process and Board-CEO Relationship, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the CEO.
7. Deal with the Board in a way that favors or privileges certain directors over others except when responding to officers or committees duly charged by the Board.



Policy Type: Executive Limitations

Policy Title: **B8 – Board Logistical Support**

Last Revised: January 1, 2020

The CEO must not allow the Board to have inadequate logistical support.

The CEO must not:

1. Provide the Board with insufficient staff administration to support governance activities and Board communication.
2. Allow the board to be without a workable mechanism for official board, officer or committee communications.
3. Allow directors to be without an updated copy of the Policy Register and the Bylaws.
4. Provide inadequate information and notice to member-owners concerning Board actions, meetings, activities and events.
5. Allow insufficient archiving of board documents.



Policy Type: Executive Limitations

Policy Title: **B9 – Emergency CEO Succession**

Last revised: January 1, 2020

To protect the Co-op from sudden loss of CEO services, the CEO must not have less than one other manager sufficiently familiar with Board processes, and CEO responsibilities and duties to enable them to take over with reasonable proficiency as an interim successor.



Policy Type: Board Process

Policy Title: **C – Global Governance Commitment**

Last Revised: January 1, 2020

Acting on behalf of our members, the Board ensures the Co-op's success by working together effectively, empowering and holding accountable professional management, providing strategic leadership, and perpetuating our democratic organization.



Policy Type: Board Process
Policy Title: **C1 – Governing Style**
Last Revised: March 1, 2020

We will govern in a manner consistent with the concepts of Policy Governance. In order to do this, we will:

1. Be strategic leaders by developing insight and foresight to set direction and facilitate movement in that direction.
2. Ensure effective systems of delegating authority to professional management, holding the use of that power accountable, and clearly distinguishing between board and management responsibilities.
3. Maintain team discipline, authority and responsibility.
4. Obey all relevant laws and bylaws.



Policy Type: Board Process
Policy Title: **C2 – The Board’s Job**
Last Revised: January 1, 2020

In order to govern successfully, we will:

1. Practice, protect, promote and perpetuate strong governance for our Cooperative.
2. Hire, set compensation for, delegate responsibility to, and hold accountable a CEO.
 - a. Use a strategic process to establish the value of CEO compensation, and complete this process in a timely manner.
3. Assign responsibility in a way that empowers the CEO and establishes a clean distinction of roles.
4. Rigorously monitor operational performance in the areas of Ends and Executive Limitations.
5. Regularly evaluate our own Board performance in the areas of Board Process and Board-CEO Relationship.
6. Perpetuate the Board’s leadership capacity using ongoing education and training, a robust recruitment, qualification and nomination process and fair elections.
7. Perform other duties as required by the bylaws or because of limitations on CEO authority.



Policy Type: Board Process
Policy Title: **C3 – Agenda Planning**
Last Revised: May 12, 2020

We will follow a strategic multi-year work-plan and annual agenda that focuses our attention upward and outward.

1. We will create, and modify as necessary, an annual calendar that includes tasks and events related to our multi-year work-plan, membership meetings, Board training schedule, monitoring schedule, and the CEO evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
2. Board meeting agendas will be determined by the Board's Executive Committee (Chair, Vice-Chair, Secretary/Treasurer) and may be modified at the meeting by a majority vote of the Board.



Policy Type: Board Process

Policy Title: **C4 – Board Meetings and Decisions**

Last Revised: March 1, 2020

Board meetings are for the task of getting the Board's job done.

1. We will use Board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters, personal concerns and other topics that are not the highest and best use of our time.
2. Meetings will be open to the membership except when executive session is officially called.
3. A majority of the Patron Member Directors and a majority of the Non-patron Member Directors shall constitute a quorum for the transaction of business except that, when a vacancy or vacancies exist, a majority of the remaining directors shall constitute a quorum.
4. We will seek consensus through discussion. If we cannot reach unanimity, simple majority vote of the quorum present will be required for a proposal to prevail. Absentee voting is acceptable, but proxy voting is not allowed.
5. If we must make a decision outside of a regular meeting, any action required or permitted to be taken at a meeting of the Board may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the Board at which all directors were present.



Policy Type: Board Process
Policy Title: **C5 – Directors’ Code of Conduct**
Last Revised: March 1, 2020

We each commit ourselves to ethical, professional and lawful conduct.

1. Every director is responsible at all times for acting in good faith, in a manner which they reasonably believe to be in the Co-op’s best interests, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the Co-op’s members. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other boards or staffs, and the personal interest of any director acting as an individual consumer or member.
 - a. There will be no self-dealing or any conduct of private business or personal services between any director and the Co-op except as procedurally controlled to assure openness, competitive opportunity and equal access to information.
 - b. Every year, every director will complete the Code of Conduct Agreement form and will verbally report to the board all actual and potential conflicts. Directors will immediately report any subsequent actual or potential conflicts to the board.
 - c. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
 - d. A director who applies for employment at the Co-op must first resign from the Board.
 - e. Any director who is also a paid employee has the same duties and responsibilities as any other director, and has the additional duty of clearly segregating staff and Board responsibilities.
3. Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the CEO or employees, directors must carefully and openly recognize their lack of authority.
 - b. When interacting with members, the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
4. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
5. Directors will prepare for, attend, and participate fully in all Board meetings and trainings.
6. Directors will support the legitimacy and authority of the Board’s decision on any matter, irrespective of the director’s personal position on the issue.
7. Any director who does not follow the code of conduct policy can be removed from the Board by a simple majority vote of the remaining Board.



Policy Type: Board Process
Policy Title: **C6 – Officers’ Roles**
Last Revised: May 12, 2020

We will elect officers in order to help us accomplish our job.

1. No officer has any authority to supervise or direct the CEO.
2. Officers may delegate their authority but remain accountable for its use.
3. The Chair ensures the Board functions well and in accord with our policy agreements.
 - a. The Chair is authorized to make decisions that are consistent with Board Process and Board-Management Relationship policies in order to facilitate the Board’s functioning.
 - b. The Chair will chair the Board meetings.
 - c. The Chair plans for leadership (officer) perpetuation.
 - d. The Chair may represent the Board to outside parties.
 - e. The Chair will present the Board’s evaluation memo to the CEO.
4. The Vice Chair will assist the Chair as requested and will perform the duties of the Chair if the Chair is unable to do so.
5. The Secretary-Treasurer is responsible for
 - a. Supporting the board in all finance-related board work.
 - b. Leading the Board’s process for creating and monitoring the Board’s (not the Co-op’s) budget.
 - c. Facilitating the Board’s understanding of the Co-op’s financial condition.
 - d. Overseeing the maintenance of financial records and controls and the filing of required reports and returns.
 - e. Presenting financial reports on a periodic basis as determined by the Board.
 - f. Overseeing the recording and keeping of adequate minutes of all meetings of members and of the Board.
 - g. Overseeing the issuance of notices required under the bylaws.
 - h. Authenticating records of the Co-op.



Policy Type: Board Process
Policy Title: **C7 – Board Committee Principles**
Last Revised: January 1, 2020

We will use Board committees only to help us accomplish our job – board committees serve the board.

1. Committees will reinforce and support Board holism.
 - a. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. The Board will establish, regularly review and control committee responsibilities in written committee charters.
 - a. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the CEO.
 - b. We will appoint a chair for each committee.



Policy Type: Board Process
Policy Title: **C8 – Governance Investment**
Last Revised: March 1, 2020

We will invest in the Board's governance capacity.

1. We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
 - a. We will use training and retraining liberally to orient new directors and board candidates, as well as to maintain and increase existing directors' skills and understanding.
 - b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - c. We will use outreach mechanisms as needed to ensure our ability to listen to member viewpoints and values.
 - d. We will use professional and administrative support as needed.
3. We will develop the Board's annual budget in a timely way so as to not interfere with the development of the Co-op's annual budget. We will complete this work to accommodate management business planning needs.



Policy Type: Board-CEO Relationship
Policy Title: **D – Global Board-CEO Connection**
Last Revised: January 1, 2020

The Board's sole official connection to the management of the organization will be through the CEO.



Policy Type: Board-CEO Relationship
Policy Title: **D1 – Unity of Control**
Last Revised: January 1, 2020

Only officially passed motions of the Board are binding on the CEO.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the CEO except in rare instances when the Board has specifically authorized this power.
2. In the case of directors or committees requesting information or assistance without Board authorization, the CEO can refuse any requests that, in the CEO's opinion, may disrupt operations or that require too much staff time or resources.



Policy Type: Board-CEO Relationship
Policy Title: **D2 – Accountability of the CEO**
Last Revised: March 1, 2020

The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the CEO.

1. The Board will not instruct nor evaluate any employee other than the CEO.
2. The Board will view accomplishment of Ends along with operation within Executive Limitations as successful CEO performance.



Policy Type: Board-CEO Relationship
Policy Title: **D3 – Delegation to the CEO**
Last Revised: January 1, 2020

The Board delegates authority to the CEO through written Ends and Executive Limitations policies.

1. As long as the CEO uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, practices and plans for the cooperative.
2. The Board will respect and accept the CEO's choices as long as those choices are based on reasonable interpretations of Board policies.
3. If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.



Policy Type: Board-CEO Relationship
Policy Title: **D4 – Evaluating the CEO**
Last Revised: March 1, 2020

The Board will systematically and rigorously monitor and evaluate the CEO's job performance compared to expectations set forth in Board policies.

1. The evaluation year will be the fiscal year. The principles of the evaluation process will be a) the board speaks with one voice, b) no surprises, c) mutually agreed upon process, d) positive reinforcement, and e) confidentiality.
2. The Board's policy monitoring process is the foundation of our annual evaluation of the CEO.
3. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the CEO discloses policy interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (c) by direct Board inspection, in which a designated director or committee assesses compliance with the policy.
4. The Board's standard for compliance will be any reasonable CEO interpretation (as described by operational definitions and metrics) of the Board policy being monitored. The Board is the final arbiter of reasonableness but we will always judge with a "reasonable person" test rather than with interpretations favored by individual directors or by the Board as a whole.
5. The Board will accept that the CEO is compliant with a policy if the monitoring report includes a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
6. The Board will monitor all Ends and Executive Limitations policies that instruct the CEO. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board Annual Calendar.

APPENDICES



**Community Co-op Market
Code of Conduct Agreement
For Board of Directors**

I agree to abide by Board Policy C5 Code of Conduct and any subsequent changes the board makes to that policy. I understand that if, in the opinion of a simple majority of co-op directors, I have violated the letter or spirit of the Code of Conduct, the board has the ability to vote to remove me from the board in accordance with policy C5.

According to Policy C5 I have an affirmative duty to disclose my actual and potential conflicts of interests, including relationships (such as with associations, organizations of which our co-op is a member, co-op employees and vendors) which may pose a conflict of interest in whole or in part with respect to my service on the board. These are listed below. I understand that I have a duty to disclose any additional actual or potential conflicts that may arise and to abide by board policy regarding participation in matters under consideration by the board.

Signature of Director

Date

Note: This form is to be completed by all directors annually, within one month following board elections.