

FRENCH BROAD FOOD
COOPERATIVE

POLICY MANUAL

Adopted May 19, 2016

Updated to gender-neutral language July 7, 2020

Updated January 14, 2021 to correct Policy Governance schedule

CONTENTS

Ends	A – Ends A1 – Product Policy
Executive Limitations	B – Global Executive Constraint B1 – Financial Condition B2 – Planning and Budgeting B3 – Asset Protection B4 – Membership Rights and Responsibilities B5 – Treatment of Consumers B6 – Staff Treatment and Compensation B7 – Communication to the Board B8 – Board Logistical Support B9 – GM Succession
Board Process	C – Global Governance Commitment C1 – Governing Style C2 – The Board’s Job C3 – Agenda Planning C4 – Board Meetings C5 – Directors’ Code of Conduct C6 – Officers’ Roles C7 – Board Committee Principles C8 – Governance Investment
Board- Management Relationship	D – Global Board-Management Connection D1 - Unity of Control D2 – Accountability of the GM D3 – Delegation to the GM D4 – Monitoring GM Performance
Appendices	<i>Suggested appendices include:</i> <i>Bylaws</i> <i>Board Annual Calendar and Monitoring Schedule</i> <i>Committee Charters</i> <i>Conflict of Interest Disclosure form</i> <i>Monitoring Decision Tree</i> <i>Statement on the Cooperative Identity</i> <i>4 Pillars of Cooperative Governance article</i> <i>Policy Governance Source Document</i>

Policy Type: Ends
Policy Title: A – Global End
Last Revised:

GLOBAL ENDS POLICY:

A transformative force in our community and work and to serve as a model of sustainable business alternative that nurtures social and economic well-being in an environmentally sensitive manner.

Products:

Maximized availability of healthful and organic foods and non-food products grown, manufactured, or produced locally with ecological and social responsibility for the community.

Education:

An empowered and informed community with access to education and customer assistance.

Financial Health:

A financially viable, transparent, ethical cooperative with equity growth, patronage refund, and community investment.

Staff Environment:

A respectful, responsive, and safe work environment in which a fairly compensated management, bargaining unit, and worker owner team has a strong sense of ownership in the success of the co-op.

Community:

Within cooperative values, an ever-widening circle of community members with healthier and more environmentally restorative lives.

Policy Type: Ends
Policy Title: A1 – Product Policy
Last Revised: ?

The GM shall not:

1. Fail to ensure that a potential product has been determined to possess the highest possible level of value (as defined in the appendix) prior to purchase for sale in store.
2. Allow practices that violate the following substantive sections of the product policy as voted on and approved by the ownership.

1. Product Selection.

(A) BODY CARE. Body Care products carried by the Co-op must be natural; i.e. contain no coal tar colors, avoid harsh chemical agents and be as minimally processed as possible. Products free of animal ingredients will be emphasized.

(B) HERBS. It is the intent of the Co-op to maintain a large and comprehensive bulk herb department.

(C) PRODUCE. It is the intent of the Co-op to sell only certified organic fresh produce except in the case of produce from growers in the process of making the three-year transition to certified organic status, or in the case of local growers, not certified organic, but whom the Co-op buyer personally knows to be essentially organic (for instance, in the case of a Co-op owner who had a small supply of an heirloom apple to offer), or in the case of an item being temporarily unavailable as organic.

(D) BULK. It is the intent of the Co-op to maintain a significant portion of products sold in bulk as compared to packaged products.

(E) PRODUCTS TO BE DE-EMPHASIZED.

- (1) Non-organic fresh produce.
- (2) Food products known to contain genetically modified organisms.
- (3) Products containing High Fructose Corn Syrup.
- (4) Beer and Wine.
- (5) Non-organic dairy products.
- (6) Products containing refined sucrose (ie: white sugar.)
- (7) Products containing refined fructose.
- (8) Products containing fractionated oils and/or fats.
- (9) Products that contain i)hydrogenated or ii)partially hydrogenated oils and/or fats.
- (10) Products containing synthetic preservatives.

(F) BANNED PRODUCTS.

- (1) Products that are tested on animals.
- (2) Products containing artificial sweeteners.
- (3) Products containing nitrites or nitrates.
- (4) Irradiated foods and food products known to contain irradiated foods.
- (5) Products containing artificial coloring or flavor.
- (6) Products produced from endangered species.
- (7) Cigarettes (does not disallow other tobacco products.)
- (8) Foods containing or consisting of meat from juvenile animals (does not include pet foods, gel caps, homeopathics, glandular products, fish oils, and other health supplements.)

(H) MEAT, FISH, DAIRY OR EGGS FOR HUMAN CONSUMPTION.

- (1) All animals must have access to the outdoors, direct sunlight and pasture and/or space suitable for the species at all stages of their lives.
- (2) All animals must have access to adequate shelter, including shade.
- (3) No intense confinement, for example: hens in battery cages, overcrowded fish, cattle feed lots, etc.
- (4) Animals must have access to clean water and food of good quality (no fecal matter, newspaper, ground up animals, cement dust, etc.)

2. PRODUCT POLICY AMENDMENTS. Proposals for amending the current Product Policy, including adding or removing items from the de-emphasis or banned lists, may be presented to the Board of Directors for consideration. The Co-op By-Laws also allow for changes to be made via a Petition of Owners.

Definitions: Executive Limitations Policies

DEFINITION OF VALUE. Value is defined by how well a product meets the four criteria listed below.

1. **NUTRITIONAL CONTENT.** The Co-op emphasizes products that best meet the nutritional needs of the individual. Foods of high nutritional value include:
 - a. MINIMALLY PROCESSED foods such as fresh produce, whole grains and beans.
 - b. Foods FREE FROM UNNECESSARY or HARMFUL ADDITIVES such as stabilizers, texturizers, preservatives, and artificial flavoring and coloring.

- c. Foods that meet the needs of SPECIAL DIETS.
2. **ENVIRONMENTAL IMPACT.** The Co-op emphasizes products whose production, packaging, by-products and use increase the long-range health of the global community. Products high in environmental value include:
- a. ORGANICALLY GROWN foods.
 - b. BULK (UNPACKAGED) products, especially unpackaged alternatives to packaged foods. When all other qualities are essentially equal, pricing should favor the bulk item.
 - c. Products packaged in RE-USABLE, RECYCLABLE or BIODEGRADABLE packaging.
 - d. LOCAL products and products bought as close to the source as possible, thus requiring minimal transportation.
 - e. Foods that are LOW ON THE FOOD CHAIN.
 - f. Products intended for MULTIPLE USES (instead of single use and disposal) as compared to alternative products.
 - g. Products that are DURABLE and/or RE-USABLE in comparison to alternative products.
3. **PRICE VALUE.** The Co-op emphasizes products that have the greatest value for the price, including "Back to Basics" products that are selected whole foods that have significantly lower mark-ups than regular department mark-ups. Products high in price value include:
- 1. Products that provide consumers with a CHOICE OF SIZES.
 - 2. Products that provide a CHOICE OF QUALITIES, including products that provide adequate quality for a low price or high quality for a moderate price.
4. **PRODUCER VALUES.** The Co-op emphasizes products of producers and distributors whose business, economic, ecological and political practices improve the quality of life. Products high in producer value include:
- 1. CO-OPERATIVELY and COLLECTIVELY PRODUCED products.
 - 2. LOCALLY PRODUCED products.
 - 3. products of SMALL INDEPENDENT BUSINESSES.
 - 4. Products of companies that are known to DEMONSTRATE CONCERN for workers, consumers and the environment.
 - 5. Products from which a significant portion of the PROFITS is GIVEN TO CHARITIES that are consistent with our values.
 - 6. Products produced by WOMEN or MINORITY OWNED BUSINESSES.
-

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: **May 19, 2016**

The General Manager 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.

Vision

Our Vision at the French Broad Food Co-op is to be a transformative force in our community and in our work, and to serve as a model of a sustainable business alternative that nurtures social and economic well-being in an environmentally sensitive manner.

Mission.

The French Broad Food Co-op is dedicated to serving our owners and the Western North Carolina community by providing high quality natural foods and personal care products through a mutually beneficial exchange.

- We support consumption of healthful and organic foods, grown or produced locally with ecological and social responsibility.
- We encourage informed choice and consumer empowerment, with an emphasis on education and customer assistance.
- We are committed to use profits to strengthen and improve the Co-op community, and to provide a livable wage to our employees.
- We pledge to maintain a pleasant environment that fosters goodwill, cooperation, and participation.

Policy Type: Executive Limitations
Policy Title: B1 – Financial Condition and Activities
Last revised: **May 19, 2016**

With respect to the actual, ongoing financial conditions and activities, the General Manager must not cause or allow:

-
- the Cooperative to be unprepared for future opportunities
 - the development of fiscal jeopardy
 - key operational indicators to reach levels that are unsustainable for the long-term operation of the co-op.

The GM must not:

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner paid-in equity to be insufficient.
6. Default on any terms that are part of the Cooperative's loans.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Fail to aggressively pursue receivables after a reasonable grace period.
9. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
10. Acquire, encumber, or dispose of real property, nor plan for acquisition, encumbrance, or disposition of real property without board approval.
11. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
12. Use restricted funds or long term reserves for any purpose other than that required by their restriction, without Board approval.
13. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).
14. Fail to provide quarterly statements of income, balance sheet, cash flow, profit and loss statement, and changes in shareholder equity.

Policy Type: Executive Limitations
Policy Title: B2 –Planning and Financial Budgeting
Last revised: **May 19, 2016**

The General Manager 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 GM 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 and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
 - c. Do not address excellence in business systems and operations.
 - d. 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: **May 19, 2016**

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

The GM 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 data, intellectual property, or files to be unprotected from loss, theft or significant damage.
 - a. Allow improper usage of members' and customers' personal information.
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 Cooperative's public image or its relationship with its owners.

Policy Type: Executive Limitations
Policy Title: B4 – Membership Rights and Responsibilities
Last Revised: **May 19, 2016**

The General Manager must not allow members to be uninformed or misinformed of their rights and responsibilities as delineated in FBFC bylaws.

The GM must not:

1. Create or implement a member equity system without the following qualities:
 - a. The required member equity, or fair share, is determined by the Board, in compliance with FBFC bylaws.
 - b. Members are informed that equity investments are a) at risk, and b) generally refundable, though the Board retains the right to withhold refunds when necessary to protect the Cooperative's financial viability.
 - c. Equity will not be refunded if such refunds would lead to a net decrease in total member paid-in equity, or would risk, cause or exacerbate non-compliance with any Financial Condition policy.
2. Implement a patronage dividend system that does not
 - a. Comply with IRS regulations and state law.
 - b. Allow the Board to examine a range of options and implications, so the Board, or GM, if so empowered, can make a timely determination each year concerning how much, if any, of the Cooperative's net profit will be allocated and distributed to members.

Policy Type: Executive Limitations
Policy Title: B5 – Treatment of Customers
Last Revised: **May 19, 2016**

The General Manager must not be unresponsive to customer needs.

The GM must not:

1. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints, suggestions, and ownership.
2. Fail to protect consumers' personal information, nor fail to inform consumers of how personal information may be used.
3. Allow an unsafe shopping experience for our customers.
4. Allow discrimination on the basis of disability, race, class, sexual orientation, ethnicity, gender, age, etc.

Policy Type: Executive Limitations
Policy Title: B6 - Staff Treatment and Compensation
Last revised: **May 19, 2016**

The General Manager must not treat staff or volunteers in any way that is unfair, unsafe, ~~or~~ unclear, or discriminatory.

The GM must not:

1. Operate without written personnel policies that:
 - a) Clarify rules for staff.
 - b) Provide for fair and thorough handling of grievances in a way that does not include the board as a participant in the grievance process.
 - c) Are accessible to all staff.
 - d) Inform staff that employment is neither permanent nor guaranteed.
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 GM's own compensation and benefits, except as their benefits are consistent with a package for all other employees.
6. Discriminate against any staff member for non-disruptive expression of dissent.

Policy Type: Executive Limitations
Policy Title: B7 – Communication to the Board
Last Revised: **May 19, 2016**

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

The GM 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. 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.
3. Fail to make the Board aware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes through a monthly report structured around Ends Policies.
4. Withhold their opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
5. Address Board business with the Board in a way that favors or privileges certain directors.
6. Fail to supply for the Board's consent agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.

Policy Type: Executive Limitations
Policy Title: B8 –Board Logistical Support
Last Revised: **May 19, 2016**

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

The GM 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 Manual and the Bylaws.
4. Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.
5. Allow insufficient archiving of board documents.

Policy Type: Executive Limitations
Policy Title: B9 – Emergency GM Succession
Last revised: **May 19, 2016**

To protect the Board from sudden loss of GM or financial management services, the GM must not have fewer than one other manager sufficiently familiar with Board and financial issues and processes 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: **May 19, 2016**

Acting on behalf of our owners, the Board ensures the success of the cooperative by working together effectively, empowering and holding accountable professional management, providing strategic leadership for our cooperative, and perpetuating our democratic organization.

Policy Type: Board Process
Policy Title: C1 – Governing Style
Last Revised: **May 19, 2016**

We will govern in a manner consistent with the Four Pillars of Cooperative Governance (Teaming, Accountable Empowerment, Strategic Leadership, Democracy). In order to do this, we will:

1. Be a strategic leader by focusing our vision toward the future.
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.
 - a. Observe the 10 Policy Governance principles (Ends Policies, Ownership, Board Process Policies, Board Holism, Board-Management Relationship Policies, Governance Position, Limitations Policies, Policies/Decisions Come in Sizes, Any Reasonable Interpretation, Monitoring)
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: **May 19, 2016**

In order to govern successfully, we will:

1. Practice, protect, promote and perpetuate a healthy democracy for our Cooperative.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager.
 - a. Use a strategic process to establish the value of GM compensation, and complete this process in a timely manner.
3. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
4. Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship.
5. Perpetuate the Board's leadership capacity using ongoing education and training, a robust recruitment, qualification and nomination process and fair elections.
6. Perform other duties as required by the bylaws or because of limitations on GM authority.

Policy Type: Board Process
Policy Title: C3 – Agenda Planning
Last Revised: **May 19, 2016**

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

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 GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
2. Board meeting agendas will be determined by the Board president, with input from Board members, and may be modified at the meeting by a majority vote of the Board.

Policy Type: Board Process
Policy Title: C4 – Board Meetings
Last Revised: **May 19, 2016**

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 operational matters and other topics that are not the highest and best use of our time.
2. Meetings will be open to owners except when executive session is officially called.
 - a. We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
3. We will seek consensus through discussion. We will then finalize and document decisions through the use of motions, seconds and majority vote.

Policy Type: Board Process
Policy Title: C5 – Directors’ Code of Conduct
Last Revised: **May 19, 2016**

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 best interests of the Cooperative, 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 Cooperative’s owners. 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 Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.
 - b. At a new director’s first board meeting, they will complete the “Conflict of Interest Disclosure” form, and will verbally report to the whole board the potential conflicts. Any subsequent potential conflicts will be reported to the whole board immediately.
 - 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 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 GM or employees, directors must carefully and openly recognize their lack of authority.
 - b. When interacting with 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 2/3 majority vote of the remaining Board.

Policy Type: Board Process
Policy Title: C6 – Officers’ Roles
Last Revised: **May 19, 2016**

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

1. No officer has any authority to supervise or direct the GM.
2. Officers may delegate their authority but remain accountable for its use.
3. The president ensures the Board acts consistently with Board policies.
 - a. The president 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 president will chair and set the agenda for Board meetings.
 - c. The president plans for leadership (officer) perpetuation.
 - d. The president may represent the Board to outside parties.
4. The vice-president will perform the duties of the president in their absence.
5. The treasurer will lead the Board’s process for creating and monitoring the Board’s (not the Cooperative’s) budget *and*-will facilitate the Board’s understanding of the financial condition of the Cooperative.
6. The secretary will make sure the Board’s documents are accurate, up to date, and appropriately maintained.

Policy Type: Board Process
Policy Title: C7 – Board Committee Principles
Last Revised: **May 19, 2016**

We will use Board committees only to help us accomplish our job.

1. Committees will reinforce and support Board holism by researching alternatives and bringing 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. The charters will state committee expectations and authority in order to make sure they do not conflict with authority delegated to the GM.

Note: For item 3, we need to add “regular review” to Board calendar. Also, need a written charter for each committee that does not currently have one.

Policy Type: Board Process
Policy Title: C8 – Governance Investment
Last Revised: **May 19, 2016**

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 the Board can exercise confident control over organizational performance.
 - c. We will use outreach mechanisms as needed to ensure our ability to listen to owner 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 Cooperative's annual budget. We will collaborate with the GM to complete the Board budget no later than January 1 of each year.

Note: Add item 3 to Board master calendar.

Policy Type: Board-Management Relationship
Policy Title: D – Global Board-Management Connection
Last Revised: **May 19, 2016**

The Board's sole official connection to the operations of the cooperative will be through the General Manager.

Policy Type: Board-Management Relationship

Policy Title: D1 – Unity of Control

Last Revised: **May 19, 2016**

Only decisions of the Board are binding on the GM.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the GM 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 GM can refuse any requests that, in the GM's opinion, may disrupt operations or that require too much staff time or resources.

Policy Type: Board-Management Relationship

Policy Title: D2 – Accountability of the GM

Last Revised: **May 19, 2016**

The General Manager is the Board's only link to operational achievement and conduct.

1. The Board will view GM performance as identical to organizational performance so that accomplishment of Ends and operation by the organization, within Executive Limitations, will be viewed as successful GM performance.
2. The Board will not instruct or evaluate any employee other than the GM.

Policy Type: Board-Management Relationship

Policy Title: D3 – Delegation to the GM

Last Revised: **May 19, 2016**

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

1. As long as the GM uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices and plans for the cooperative.
2. The Board will respect and accept the GM'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-Management Relationship
Policy Title: D4 – Monitoring GM Performance
Last Revised: **May 19, 2016**

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

1. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM 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 committee assesses compliance with the policy.
2. The Board will accept that the GM is compliant with a policy if they present a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
3. The Board will monitor all policies that instruct the GM. 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.
4. The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from 1-1 through 12-31 will be completed by 1-31. The Board will make its decisions concerning the evaluation no later than the February Board meeting.

(See Policy Governance Schedule – next page)

Note: Need to add item 4 to Board master calendar.

Policy Governance Schedule

<u>Policy</u>	<u>Month</u>
B1 - Financial Condition - <i>Internal</i>	<i>Feb</i>
A - Ends	<i>Feb</i>
B - Global Executive Constraint	<i>Mar</i>
B2 - Planning & Budgeting	<i>Mar</i>
B5 - Treatment of Customers	<i>Apr</i>
B6 - Staff Treatment & Compensation	<i>Apr</i>
B1 - Financial Condition - <i>Internal</i>	<i>May</i>
B1 - Financial Condition - <i>External</i>	<i>May</i>
B2 - Planning & Budgeting	<i>June</i>
B7 - Communication to the Board	<i>July</i>
B8 - Board Logistical Support	<i>July</i>
B1 - Financial Condition - <i>Internal</i>	<i>Aug</i>
B4 – Membership Rights & Responsibilities	<i>Sept</i>
B2 - Planning & Budgeting	<i>Sept</i>
B9 - GM Succession	<i>Oct</i>
B1 - Financial Condition - <i>Internal</i>	<i>Nov</i>
B3 - Asset Protection	<i>Nov</i>
B2 - Planning & Budgeting	<i>Dec</i>

June: Submit questionnaire to Board Pres. & Sec. about Board Assistant's performance

** Supply B.O.D. with report on the 2nd Thursday of the month.*

APPENDICES

SAMPLE
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 2/3 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/Candidate

Date

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

Admin. Agenda Items	Welcome new directors	Election of Board Officers Finalize GM Evaluation Present GM Compensation RFP	BOD Budget finalized Review GM Compensation Proposal BOD Retreat March 22	Board Retreat Follow-up	Finalize GM Compensation Decision		Review Member Meeting Agenda Start 2015 calendar Board assignments for election	
Board Monitoring	C: Global Governance D: Global BoD-Mgmt	C1: Governing Style	C2: Board's Job	C3: Agenda Planning	C4: Meetings	C5: Code of Conduct	C6: Officers	C7: Com Principles
GM Monitoring	B: Global Constraint	B1: Financial Condition B9: Succession	B4: Membership	B5: Consumers	B1: Financial Condition B2: Planning & Budgeting	A: Ends	A: Ends, continued	B1: Financial

POLICY GOVERNANCE® SOURCE DOCUMENT

Why a Source Document?

A “source” is a point of origin. A source document is a “fundamental document or record on which subsequent writings, compositions, opinions, beliefs, or practices are based.” (Websters)

Without a simply expressed clear point of source, interpretations, opinions, writings and implementations may intentionally or unintentionally diverge from the originating intent and ultimately be undifferentiated. The point of source (“authoritative source”) is John Carver, the creator of Policy Governance, with Miriam Carver his fellow master teacher.

Without a simply expressed clear source document, Policy Governance is not reliably grounded and not transferable as a paradigm of governance. It is left vulnerable to interpretation, adaptation and impotence. This document has been produced by the International Policy Governance Association and approved by John and Miriam Carver as being true to source.

What Policy Governance is NOT!

1. Policy Governance is not a specific board structure. It does not dictate board size, specific officers, or require a CEO. While it gives rise to principles for committees, it does not prohibit committees nor require specific committees.
2. Policy Governance is not a set of individual “best practices” or tips for piecemeal improvement.
3. Policy Governance does not dictate what a board should do or say about group dynamics, methods of needs assessment, basic problem solving, fund raising, managing change.
4. Policy Governance does not limit human interaction or stifle collective or individual thinking.

What Policy Governance IS!

Policy Governance is a comprehensive set of integrated principles that, when consistently applied, allows governing boards to realize owner-accountable organizations.

Starting with recognition of the fundamental reasons that boards exist and the nature of board authority, Policy Governance integrates a number of unique principles designed to enable accountable board leadership.

Principles of Policy Governance

1. **Ownership:** The board exists to act as the informed voice and agent of the owners, whether they are owners in a legal or moral sense. All owners are stakeholders, but not all stakeholders are owners, only those whose position in relation to an organization is equivalent to the position of shareholders in a for-profit corporation.
2. **Position of Board:** The board is accountable to owners that the organization is successful. As such it is not advisory to staff but an active link in the chain of command. All authority in the staff organization and in components of the board flows from the board.
3. **Board Holism:** The authority of the board is held and used as a body. The board speaks with one voice in that instructions are expressed by the board as a whole. Individual board members have no authority to instruct staff.
4. **Ends Policies:** The board defines in writing its expectations about the intended effects to be produced, the intended recipients of those effects, and the intended worth (cost-benefit or priority) of the effects. These are Ends policies. All decisions made about effects, recipients, and worth are Ends decisions. All decisions about issues that do not fit the definition of Ends are means decisions. Hence in Policy Governance, means are simply not Ends.
5. **Board Means Policies:** The board defines in writing the job results, practices, delegation style, and discipline that make up its own job. These are board means decisions, categorized as Governance Process policies and Board-Management Delegation policies.
6. **Executive Limitations Policies:** The board defines in writing its expectations about the means of the operational organization. However, rather than prescribing board-chosen means – which would enable the CEO to escape accountability for attaining Ends, these policies define limits on operational means, thereby placing boundaries on the authority granted to the CEO. In effect, the board describes those means that would be unacceptable even if they were to work. These are Executive Limitations policies.
7. **Policy Sizes:** The board decides its policies in each category first at the broadest, most inclusive level. It further defines each policy in descending levels of detail until reaching the level of detail at which it is willing to accept any reasonable interpretation by the applicable delegatee of its words thus far. Ends, Executive Limitations, Governance Process, and Board-Management Delegation policies are exhaustive in that they establish control over the entire organization, both board and staff. They replace, at the board level, more traditional documents such as mission statements, strategic plans and budgets.

8. **Clarity and Coherence of Delegation:** The identification of any delegatee must be unambiguous as to authority and responsibility. No subparts of the board, such as committees or officers, can be given jobs that interfere with, duplicate, or obscure the job given to the CEO.
9. **Any Reasonable Interpretation:** More detailed decisions about Ends and operational means are delegated to the CEO if there is one. If there is no CEO, the board must delegate to two or more delegates, avoiding overlapping expectations or causing confusion about the authority of various managers. In the case of board means, delegation is to the CGO unless part of the delegation is explicitly directed elsewhere, for example, to a committee. The delegatee has the right to use any reasonable interpretation of the applicable board policies.
10. **Monitoring:** The board must monitor organizational performance against previously stated Ends policies and Executive Limitations policies. Monitoring is for the purpose of discovering if the organization achieved a reasonable interpretation of these board policies. The board must therefore judge the CEO's interpretation for its reasonableness, and the data demonstrating the accomplishment of the interpretation. The ongoing monitoring of board's Ends and Executive Limitations policies constitutes the CEO's performance evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands board actions inconsistent with Policy Governance, the board should use a 'required approvals agenda' or other device to be lawful without compromising governance.

Policy Governance is a precision system that promises excellence in governance only if used with precision. These governance principles form a seamless paradigm or model. As with a clock, removing one wheel may not spoil its looks but will seriously damage its ability to tell time. So in Policy Governance, all the above pieces must be in place for Policy Governance to be effective. When all brought into play, they allow for a governing board to realize owner accountability. When they are not used completely, true owner accountability is not available.

Policy Governance boards live these principles in everything they are, do and say.

Produced by International Policy Governance Association in consultation with John and Miriam Carver, 2005 – 2007 – 2011.

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