

Breadroot Cooperative

POLICY REGISTER

Adopted February 29th 2016

(Revisions and updates noted in policy headings.)

(This Policy Register is intended to be congruent with the Charter and Bylaws. Should a conflict emerge, the governing documents supersede these policies.)

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Policy Type: Ends
Policy Title: A – Global End
Last Revised: **February 29, 2016**

Co-op Ends: Breadroot Natural Foods Co-op will be central to the production, procurement, and

distribution of natural and organic foods and other goods and services for healthy living in our region.

- Consumers have local access to progressive social, environmental and healthful choices;
- Residents enjoy an enhanced quality of life;
- The local food system is strengthened;
- The cooperative model is supported; and
- Our owner/members have a sense of pride in their cooperative.

Breadroot Natural Foods Co-op works to support these Global Ends by implementing a variety

of community outreach projects. Our goal is to provide consumers with access to progressive, social, and healthful choices through education and outreach.

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: **February 29, 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.

Policy Type: Executive Limitations
Policy Title: B1 – Financial Condition and Activities
Last revised: **February 29, 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, or key operational indicators to be below average for our industry.

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. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Acquire, encumber or dispose of real estate.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Use restricted funds for any purpose other than that required by the restriction.
12. 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: **February 29, 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: **February 29, 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.

Policy Type: Executive Limitations
Policy Title: B4 – Membership Rights and Responsibilities
Last Revised: **February 29, 2016**

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

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.
 - 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.
 - b. Allow the Board to examine a range of options and implications, so the Board 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.
 - c. Comply with bylaws and other rules set fort by the BOD

Policy Type: Executive Limitations
Policy Title: B5 – Treatment of Customers
Last Revised: **February 29, 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 and suggestions.
2. Allow an unsafe shopping experience for our customers.

Policy Type: Executive Limitations
Policy Title: B6 - Staff Treatment and Compensation
Last revised: **February 29, 2016**

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

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.
 - e. Conform to industry and HR standards for type and size for business.
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 his or her benefits are consistent with a package for all other employees, and/or except as consistent with the GMs Employment Contract.
6. GM must provide for an HR audit every 5 calendar years.

Policy Type: Executive Limitations
Policy Title: B7 – Communication to the Board
Last Revised: **February 29, 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. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes.
4. Withhold his/her 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. 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.
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: **February 29, 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 Register 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: **February 29, 2016**

To protect the Board from sudden loss of GM services, the GM must not have less than one other manager sufficiently familiar with Board and GM issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.

Policy Type: Board Process
Policy Title: C – Global Governance Commitment
Last Revised: **February 29, 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: **February 29, 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 outward and 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. Practice the habits of a successful democracy.
5. Obey all relevant laws and bylaws.

Policy Type: Board Process
Policy Title: C2 – The Board's Job
Last Revised: **February 29, 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: **February 29, 2016**

We will follow a strategic multi-year workplan 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 workplan, 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, 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: **February 29, 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 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.
 - 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: **February 29, 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 she/he reasonably believes to be in the best interests of Breadroot Natural Foods 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, he/she 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. Any director who is also a paid employee will resign from the Board if and when their employment ends.
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.

Note: C5.7 above is the recommended wording in the CDS Consulting Co-op's model policy register. However, Breadroot's bylaws specify a 2/3 majority of co-op members to remove a Board member.

The board submits to the owner/members the following change to the bylaws (4.6): The Board can remove any director who fails to attend three consecutive meetings of the Board, by a 2/3-majority vote of the remaining directors. Further, any director who does not follow Breadroot Cooperative's Policy Register can be removed by a 2/3-majority vote of the remaining directors.

Policy Type: Board Process
Policy Title: C6 – Officers’ Roles
Last Revised: **February 29, 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 her/his absence.
5. The treasurer will lead the Board’s process for creating and monitoring the Board’s (not the Cooperative’s) budget.
 - a. In addition, the treasurer will facilitate the Board’s understanding of the financial condition of the Cooperative and insure the Financial Policies are up to date and being followed (including the monitoring duties required of the Treasurer in that document).
6. The secretary will make sure the Board’s documents are accurate, up to date, and appropriately maintained.
 - a. In addition, the secretary will take and disseminate minutes of Board Meetings.
 - b. Make sure the Board Minutes are available for review and tentative approval by board members within one week of the meeting.

Policy Type: Board Process
Policy Title: C7 – Board Committee Principles
Last Revised: **February 29, 2016**

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

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 GM.

Policy Type: Board Process
Policy Title: C8 – Governance Investment
Last Revised: **February 29, 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 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 owner viewpoints and values.
 - d. We will use professional and administrative support.
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. In no case will we complete this work later than October.

Policy Type: Board-Management Relationship
Policy Title: D – Global Board-Management Connection
Last Revised: **February 29, 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: **February 29, 2016**

Only officially passed motions 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: **February 29, 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 organizational accomplishment of Ends and organizational operation within Executive Limitations will be viewed as successful GM performance.
2. The Board will annually review the GM job description with the GM to keep the description current and appraise the GM and Board of ongoing changes in the role.
3. 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: **February 29, 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: **December 17th 2018**

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 designated director or committee assesses compliance with the policy.
2. In every case, the Board’s standard for compliance will be any reasonable GM 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.
3. The Board will accept that the GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
4. 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.
5. The Board’s annual evaluation of the General Manager, based on a summary of monitoring reports received from January 1 through December 31 will be completed by January 15th. The Board will make its decisions concerning the evaluation no later than February 28th.

APPENDICES

1. Articles of Incorporation
2. Bylaws
3. Code of Conduct
4. Committee Charters
 - a. Special Committees
 - b. Nomination and Recruitment Committee
 - c. Executive Committee
 - d. Finance Committee
 - e. Board Development Committee
5. Monitoring Decision Tree (As modified from the CDS Consulting Cooperative's suggestions.)
6. Four Pillars of Cooperative Governance
7. Board Annual Calendar and Monitoring Schedule
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9. Statement on the Cooperative Identity

**Code of Conduct Agreement
For Breadroot Natural Foods Cooperative 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, at the time of nominations for board elections. The Board Secretary will insure these are completed and available.

COMMITTEE CHARTER FEBRUARY 29, 2016

COMMITTEE: NOMINATION AND RECRUITMENT

DATE CHARTERED: BYLAWS 4.4

END OF TERM: ONGOING

The primary purposes of the Nomination and Recruitment Committee will be to:

1. Identify and recruit a pool of well-qualified Board candidates according to Board policy.
 2. Develop an application and screening process.
 3. Provide a brief written report to the Board monthly about the activities of this committee.
 4. Submit to the Board in timely way names of recommended nominees for election or appointment.
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COMMITTEE CHARTER FEBRUARY 29, 2016}

COMMITTEE: SPECIAL COMMITTEE(S)

DATE CHARTERED: BYLAWS 4.10

END OF TERM: ONGOING

The Board or President shall designate committees from time to time to carry out the responsibilities of the Board to formulate policy and oversee the general operations of the Cooperative.

1. Special Committees will be time limited and have specific charges given them at the time of their formation.
 2. The membership shall be informed of the various committees created by the Board.
 3. The Board President shall appoint the members of the committees, and shall designate the chairs of each.
 4. Appointments by the President are subject to the approval of the Board. .
 5. Non-director members may be voting members of any committee of the Board, but a majority of every committee shall be directors, except as otherwise specified in the Bylaws.
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COMMITTEE CHARTER FEBRUARY 29, 2016)

COMMITTEE: EXECUTIVE COMMITTEE

DATE CHARTERED: BYLAWS 4.11

END OF TERM: ONGOING

The Board of Directors may elect an executive committee, to consist of the officers. When the Board is not in session, such committee shall have all powers of the Board except in respect to:

1. Powers reserved by the Board itself;
 2. Apportionment or distribution of proceeds;
 3. Election of officers;
 4. Filling vacancies on the Board; and
 5. Amendments to the Bylaws.
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COMMITTEE CHARTER FEBRUARY 29, 2016)

COMMITTEE: BUDGET AND FINANCE COMMITTEE

DATE CHARTERED: BYLAWS 6.1

END OF TERM: ONGOING

“The Budget and Finance Committee shall consist of the General Manager, or a staff person designated by the General Manager, and three or more members of the Board of Directors and any other persons appointed by the Board or appointed by the President and approved by the Board.”

The primary purposes of the Finance Committee will be to:

1. Draft a budget to be ratified by the Board and monitored by the Board and the General Manager.
 2. A financial review of the Cooperative shall be conducted at least every two years unless doing so would severely impair the fiscal soundness of the Cooperative.
 3. Meet monthly to review with the financial statements and budgets.
 4. Provide a brief written report to the Board meetings about the Cooperative's finances.
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COMMITTEE CHARTER FEBRUARY 29, 2016

COMMITTEE: BOARD DEVELOPMENT

DATE CHARTERED: FEBRUARY 29, 2016

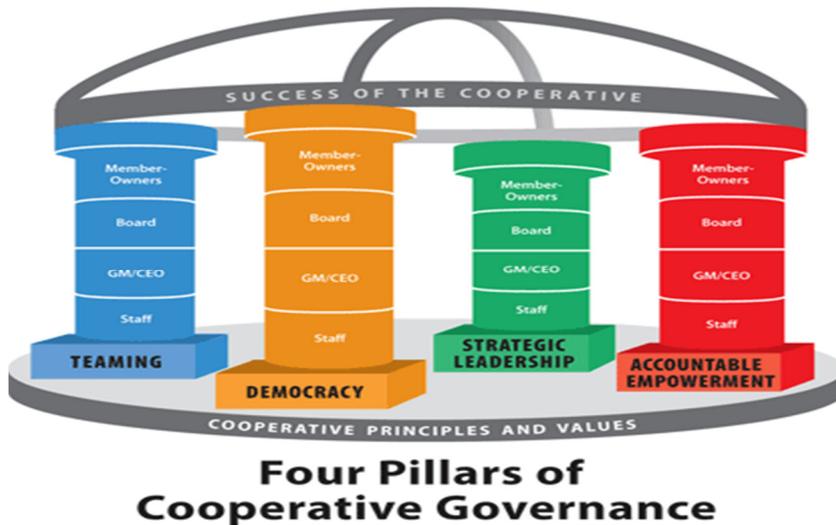
END OF TERM: ONGOING

The primary purposes of the Development Committee will be to:

1. Annually review the Ends statement and recommend any needed changes.
 2. Annually submit a report to the owner/members on progress made towards the Ends by the Board.
 3. Provide a brief written report to the Board meetings about the activities of this committee.
 4. Submit to the Board in timely way recommended activities and a budget for the Board to implement in pursuit of Exemplary Board Development.
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Reference “Decision Tree for Acting on Internal Monitoring Reports from the General Manager” from CDS Consulting: <http://library.cdsconsulting.coop/wp-content/uploads/Monitoring-Report-Decision-Tree.pdf>

The Four Pillars of Cooperative Governance



The 4PCG is not about changing systems but is a new way of making sense of cooperative governance. We think it addresses current gaps in strengthening owner relationships and democratic practices that are not clearly part of other business or governance models. The Four Pillars of Cooperative Governance are:

- **Teaming.** Successfully working together to achieve common purpose.
- **Accountant Empowerment.** Successfully empowering people while at the same time holding them accountable for the power granted.
- **Strategic Leadership.** Successfully articulating the cooperative's direction/purpose and setting the organization up for movement in this direction.
- **Democracy.** Successfully practicing, protecting, promoting and perpetuating our healthy democracies.

Within a co-op, no matter what the role, the expectation is that everyone is responsible for working together effectively, to be accountable and able to empower others, be focused on purpose, and participate in ensuring a healthy democracy. It is what co-ops are working to achieve, not only in the board room, but in the workplace, and with members in the co-op. Governance – making key decisions, working together for common goals, role clarity and ensuring accountability – happens throughout the co-op at every level.

Therefore 4PCG is a framework for connecting the co-op's values to governance activities at all levels — staff, management, board and owners. Each of the four pillars — Teaming, Accountant Empowerment, Strategic Leadership and Democracy are all relevant to each constituency in a co-op. 4PCG is not about changing systems, but a new way of thinking about the role of governance in a co-op.

Read more about the [Four Pillars of Cooperative Governance](#) in the January/February 2014 issue of the Cooperative Grocer.

(draft)

2016 BOD Calendar

r Last
Revised:
January
2016

Item	Jan	Feb	Mar	Apr	May	June	July	
Board Education	CBL 101 and Leadership Training Jan.9 th	Mondragon and Emilia Romagna	CBLD Cooperative Café March 15	Rochdale Cooperative history	New director's orientation	CCMA	Arizmendi Association of Cooperatives	History of co-ops
Member Engagement and Newsletter Articles	Article for Annual Report	Prep for Annual Member Meeting	Article about BoD Elections, Candidate Bios	Review Member Meeting Agenda and assignments Annual Member Meeting	Review 'lessons learned' from AMM			
Admin. Agenda	Finalize GM Evaluation Items Review calendar for this year	Board assignments for election Deadline for BOD Candidates information for ballots	BOD Budget finalized Review GM Compensation Proposal Review Member Meeting Agenda Farewell to departing directors	Board Retreat Follow-up Board Elections April 24	Finalize GM Compensation Decision Welcome new directors	Election of Board Officers	Start 2017 calendar Auditor Presents Report to the BOD Certify election results	
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 Quick Guide

Policy Governance is an operating system for boards of directors. As with operating systems for computers, the system itself is not the point of the board's work; the system simply provides an underlying framework on which boards can build further agreements and activities. Policy Governance does not mandate specific decisions, but does highlight the kinds of decisions a board should make. These decisions include agreements about how the board will work together, how the board will empower and hold accountable the cooperative's management, how the board will articulate the cooperative's purpose and set up the cooperative for movement in that direction, and how the board understands the role of member-owners and others in the governance of the cooperative.

The Policy Governance operating system is essentially an integrated set of principles – principles that gain their power when used together. Key to the principles is the meaning of the word “policy.” Within the context of Policy Governance, policies are the proactive articulation of values or principles that guide action.

Policy Governance principles:

1. Ownership
 - The cooperative is owned by its members. The board exists to act and make decisions on behalf of and in the best interest of the owners.
2. Position of Board
 - The board is a distinct link in the chain of empowerment and accountability within the cooperative. The owners empower the board through the bylaws, and the board is accountable to owners for the success of the cooperative. In turn, the board empowers and holds management accountable, delegating authority to management through Ends and Executive Limitations policies.
3. Board Holism
 - The authority of the board belongs to the whole. To say that the board “speaks with one voice” means that the board's authority is a group authority. The “voice” of the board is expressed through the written policy decisions. Directors can work to persuade and influence the board in its deliberations and decision-making; beyond that, individual directors or subsets of the board have no authority to instruct staff.
4. Board Means Policies
 - The board defines in writing its own job and how it operates. These decisions are agreements about the board's means, categorized as Board Process policies and Board-Management Relationship policies.

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5. Clarity and Coherence of Delegation

- The board unambiguously identifies the authority and responsibility of any person (e.g., GM or board president) or committee to whom the board delegates. No individual director, officer, or committee can be delegated responsibility that interferes with or duplicates responsibility delegated to the GM.

6. Ends Policies

- The board defines in writing the cooperative's purpose in terms of: intended effects/benefits to be produced, intended recipients of those benefits, and (if desired) the intended cost-benefit or priority of those benefits. (Any decisions about issues that don't fit the definition of Ends are *means* decisions.)

7. Executive Limitations Policies

- The board defines in writing its expectations about the means of the cooperative. Rather than prescribing board-chosen means, Executive Limitation policies define limits on operational means – essentially, defining boundaries on the GM's authority. Executive Limitation policies describe means that are not allowed even if they are effective. The board retains the authority to make decisions that are outside of the GM's authority.

8. Policy sizes

- The board decides the four types of policies first at the broadest, most inclusive level. The board can then further define each policy in further levels of detail until reaching a point at which the board can accept any reasonable interpretation of the written policy.

9. Any Reasonable Interpretation

- More detailed decisions about Ends and operational means are delegated to the GM, who has the right to use any reasonable interpretation of the board's written policies. A reasonable interpretation will include more detailed and/or clarified meaning of the board's policy, along with operational definitions (the metrics and benchmarks used to gauge accomplishment). More detailed decisions about board means (and the right to use any reasonable interpretation of those written policies) are delegated to the board chair – unless part of the delegation is explicitly directed to another officer or committee.

10. Monitoring

- The board must check to ensure that the cooperative has achieved (or made progress toward) the Ends while operating within the Executive Limitation boundaries. The board judges the GM's interpretation and operational definition for reasonableness, and judges whether the data demonstrates accomplishment of that interpretation and operational definition. The ongoing monitoring of Ends and Executive Limitations policies constitutes the GM's performance evaluation. The board must monitor its own performance according to the stated board means policies.

Policy Governance is a registered service mark of John Carver.

For further information, see:

- Carver, John. *Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations*, third edition. San Francisco: Jossey-Bass, 2006.
- Policy Governance Source Document, International Policy Governance Association, policygovernanceassociation.org
- carvergovernance.com, the authoritative website for the Policy Governance model
- Policy Governance FAQ in the CBLD Library, cdsconsulting.coop/cbldlibrary

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- Goehring, Mark. "Taking Policy Governance to Heart," *Cooperative Grocer*, March 2009

Statement of Cooperative Identity

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

3. Members' Economic Participation

Members contribute equally to, and democratically control, the capital of the cooperative. This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the cooperative's autonomy.

5. Education, Training and Information

Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.