

Port Townsend



POLICY REGISTER

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Last Revised: April 3, 2024

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Policy Type: Ends
Policy Title: A
Last Revised: April 3, 2024

“Working together to nourish our community” is the mission of The Food Co-op. Our Ends policy guides our work to fulfill our mission.

The Food Co-op Ends policy is a governing document, formulated by the board of directors with input from member-owners, staff, and the general manager. The Ends articulate important goals as we work towards achieving our mission. The general manager is responsible for interpreting and implementing our Ends, and for regularly reporting to the board on progress. The board reviews our Ends policy annually, supports the general manager in developing a strategic business plan, and reviews the general manager’s reports.

Our Ends

The general manager strives to provide these benefits to our member-owners and community while operating a strong grocery store:

- Strengthen and advocate for our local food system, with a vibrant culture of appreciation and support for local farms and producers.
- Treat people well, increasing equity and access by providing a safe, welcoming, and educational environment.
- Treat the planet well, by modeling environmental stewardship and regularly sharing our accomplishments and challenges with member-owners.

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: January 3, 2024

The General Manager must not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, unjust, unethical, imprudent, or contrary to the Cooperative Principles.

Policy Type: Executive Limitations
Policy Title: B1 – Financial Condition and Activities
Last revised: December 6, 2022

With respect to the actual, ongoing financial conditions and activities, the General Manager must not allow the Co-op to be unprepared for future opportunities, cause the development of fiscal jeopardy, or cause 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 financial obligations.
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 or enter into long-term real estate leases.
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).

Note: Monitoring reports on this policy are likely to contain sensitive and/or confidential information and should be reviewed in an executive session of the board meeting.

Policy Type: Executive Limitations
Policy Title: B2 – Business Planning and Financial Budgeting
Last revised: April 5, 2022

The General Manager must not operate without annual and multi-year plans and budgets that address intentional and improved Ends accomplishment as well as strengthen operations.

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 planning assumptions.
 - c. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and debt service.
 - d. Do not pursue excellence in business systems and operations.
 - 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: December 6, 2022

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

The GM must not:

1. Allow inadequate insurance for facilities, equipment, and 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 member-owners' 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.
 - a. Operate without a crisis communications plan that includes communication protocols for the board.

Note: Monitoring reports on this policy are likely to contain sensitive and/or confidential information and should be reviewed in an executive session of the board meeting.

Policy Type: Executive Limitations
Policy Title: B4 – Member-Owner Economic Rights and Responsibilities
Last Revised: May 1, 2018

The General Manager shall not allow member-owners to be uninformed or misinformed about their fiscal rights and responsibilities, as described in The Food Co-op's Articles of Incorporation and Bylaws.

Furthermore, the GM will not:

1. Implement a system in regard to member investment that does not follow our Bylaws and Articles of Incorporation.
2. Fail to inform member-owners that their investments are at risk.
3. 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 Co-op's net profit will be allocated and distributed to members.

Policy Type: Executive Limitations
Policy Title: B5 – Treatment of Customers
Last Revised: September 3, 2019

The General Manager shall not be unresponsive to customer needs.

The General Manager:

1. Will not fail to provide a system for soliciting and considering customer opinion such as product requests, complaints, and suggestions.
2. Will not fail to follow the Food Co-op Guiding Documents on product selection.
3. Will not fail to promote a safe and civil shopping experience for our customers, in part by providing training to designated staff members.

Policy Type: Executive Limitations
Policy Title: B6 - Staff Treatment and Compensation
Last revised: January 5, 2021

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

The GM will 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. Encourage employees to report unethical or illegal behavior.
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.

Policy Type: Executive Limitations
Policy Title: B7 – Communication to the Board
Last Revised: November 3, 2020

(CBLD Template August 10, 2017 + Minor Revision)

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

The GM will 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 from the Board relevant information from or about key partners including NCG, including (but not limited to): reports about industry trends, operational audits, risk assessment and joint liability, program participation, and member agreements.
5. Withhold an 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.
6. 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: December 6, 2022

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

The GM will 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, Board Assistant, officer, or committee communications.
3. Allow Board Members 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.

Note: Monitoring reports on this policy are likely to contain sensitive and/or confidential information and should be reviewed in an executive session of the board meeting.

Policy Type: Executive Limitations
Policy Title: B9 – Emergency GM Succession
Last revised: December 6, 2022

To protect The Food Co-op from sudden loss of GM services, the GM must not have less than one other manager sufficiently familiar with GM responsibilities and Board 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: June 1, 2021

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: March 6, 2024

We will govern in a way that emphasizes empowerment and clear accountability. In order to do this, we will:

1. Develop the guiding vision for the direction and future of The Food Co-op in collaboration with our community.
2. Work as a team, maintaining necessary discipline and embracing our responsibilities while exercising group authority.
3. Clearly distinguish board and management roles and responsibilities.
4. Seek, encourage, and listen to people with diverse experiences and perspectives.
5. Cultivate systems and practices for navigating challenging conversations, supporting deep listening, and working towards conflict resolution.
6. Maintain a commitment to diversity, equity, and inclusion.
7. Obey all relevant laws and bylaws.

Policy Type: Board Process
Policy Title: C2 – The Board’s Job
Last Revised: March 6, 2024

The job of the board is to represent the members by defining and monitoring appropriate organizational performance and envisioning the long-range direction of the organization.

In order to govern successfully, we will:

1. Create and sustain a meaningful relationship with member-owners, by establishing and maintaining communication with member-owners, educating ourselves on diverse needs and perspectives, and reporting on the Board’s activities and decisions.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager.
3. Have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends, Executive Limitations, Board Process, and Board–Management Relationship.
4. Establish and utilize procedures to provide consistency in board activities and processes. Procedures, like policies, will be maintained in Board manuals issued to each Board Member.
5. Create and regularly review our Guiding Documents.
6. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
7. Regularly and 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.
8. Perpetuate the Board’s leadership capacity using: a robust recruitment, qualification, and nomination process; thoughtful appointments; fair elections; and ongoing education and training.
 - a. We will have a strategic year-round recruitment and screening process.
 - b. We will commit to diversity, equity, and inclusion.
 - c. We will provide excellent orientations to potential candidates and newly elected or appointed directors.
9. 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 2, 2023

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, and the GM evaluation and compensation decisions as outlined in our Board Management Relationship policies.
2. The board meeting agenda will be determined by the board president, through a collaborative process with the board assistant, general manager, and other board members in attendance at the agenda planning meeting and may be modified at the meeting by a majority vote of the board.
3. Throughout the year, we will attend to consent agenda items as expeditiously as possible.

Policy Type: Board Process
Policy Title: C4 – Board Meetings
Last Revised: May 2, 2023

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, and personal concerns that are not the highest and best use of our time. We will avoid any extended discussion of operations while still allowing for pertinent questioning and discussion. If operational matters are discussed, it will only be with the clear and, if necessary, explicit caveat that the board has no authority to direct operations.
2. Meetings will be open to the membership except when executive session is officially called. We may use the executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, the 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: June 6, 2023

We commit ourselves to cooperative, ethical, businesslike, and lawful conduct.

1. Every director will act in good faith at all times, in a manner which one could reasonably believe to be in the best interests of The Food Co-op, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must accord undivided loyalty to the interests of The Food Co-op member-owners. This duty supersedes any commitment to a cause, interest group, or subset of members; membership on another board or staff; or the personal interest of any director acting as an individual consumer or member.
 - a. Board members will work for the interest of member-owners as a whole.
 - b. There will be no self-dealing or any private business or personal services between any director and The Food Co-op except through procedures that ensure openness, competitive opportunity, and equal access to “inside” information.
 - c. Every year, every director will complete a Conflict of Interest statement and a Code of Conduct Agreement, and will verbally report to the whole board all actual and potential conflicts. Every director will immediately report any subsequent actual or potential conflicts to the whole board.
 - d. When the board is to make a decision on an issue about which a director has a conflict of interest, that director shall abstain from the vote and possibly from deliberations on the issue.
 - e. A director who enters into a business relationship that significantly interferes with their ability to perform their board duties will resign from the board.
 - f. A director who applies for employment at The Food Co-op must first resign from the board. Employee directors who leave their job at The Food Co-op for any reason will resign from the board.
 - g. 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. Employee directors may not serve as the board president, vice president, or treasurer.
3. Directors will support the wholeness and integrity of the board, working collaboratively and collegially.
 - a. Directors will prepare for and attend board meetings and any other events and trainings as agreed upon by the board. The president shall specify if an additional event is a requirement or an opportunity.
 - b. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving board service.
 - c. When interacting with the public, the press, or other entities, directors must recognize their lack of individual authority, and no director may speak for the board except to communicate board decisions.
 - d. 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. This includes decisions reached before the director joined the board.
 - e. When interacting with the public, staff, or each other, whether in speech or writing and whether in person or using any printed, electronic, or other communications medium, directors will act with civility and kindness at all times. Directors will not use racist, sexist, or discriminatory language at any time.
4. Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the general manager or employees, directors must openly recognize their lack of authority.
 - b. Directors may request assistance from staff on board work if they receive permission from the general manager.
 - c. Directors may not do work that is the purview of operations unless invited by operations to do so.
5. If any director is out of compliance with this policy, the board will follow appropriate procedures to address the problem. If no satisfactory resolution is reached, the board may remove the director by a 2/3 majority vote of the full board, with the affected board member abstaining.

Policy Type: Board Process
Policy Title: C6 – Officers’ Roles
Last Revised: June 6, 2021

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

1. No officer has any authority to supervise or direct the general manager.
2. The responsibilities of each officer are outlined in job descriptions which are regularly reviewed and updated.
3. Officers may delegate their authority but remain accountable for its use.
4. The president ensures the board acts consistently with board policies. To accomplish this goal, the president is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.

Policy Type: Board Process
Policy Title: C7 – Board Committee Principles
Last Revised: August 2, 2022

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

1. Committees will support the work of the Board.
 - a. In particular, committees help the 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. Only the Board has authority to appoint committee members.
4. We will establish, regularly review, and control committee responsibilities in written committee charters.
 - a. Charters must be approved by the Board.
 - b. 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: December 6, 2022

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 use the Cooperative’s resources prudently and strategically.
 - 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-owner viewpoints and values.
 - d. We will use professional and administrative support.
 - e. In establishing Board compensation, we will
 - i. Link compensation to the work requirements of the various roles
 - ii. Consider equity in discussions about compensation
 - iii. Keep our member-owners informed
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.

Policy Type: Board Process
Policy Title: C9 – Civic Engagement and Action Policy
Last Revised: June 5, 2018

We will consider requests for civic action such as endorsements or boycotts.

Explanation:

Deciding which products are carried in the store, informing members about food-related issues, and supporting food-related events and organizations through donations and publicity normally rests with the general manager or department managers. However, some situations or decisions have exceptional political, social, or strategic implications and thus may become the responsibility of the board. So, in exceptional circumstances, the board may choose to consider broader civic engagement, such as an endorsement or a boycott.

1. Endorsements

An endorsement is when The Food Co-op board officially supports a campaign, initiative, or event, lending our name and our resources toward its success.

- a. Endorsements will be rare, since requests for support from The Food Co-op are part of the work of the marketing department. Occasionally, though, the general manager or board member may believe an issue requires something more, an official endorsement. The issue should be in alignment with the Co-op's Ends Policies and Mission and Principles and likely to be supported by a majority of member-owners. We do not endorse individual candidates or political parties.
- b. If the general manager or a board member proposes an endorsement to the board, we will follow the relevant procedure. Endorsement of any issue must be by a 60% majority of the board.

2. Boycotts

A boycott is a refusal to purchase and/or carry a company's product line because that company's activities are not consistent with The Food Co-op's Mission and Principles or Ends policies. (Potential problems with individual products are covered under our product guidelines.)

- a. A member-owner may propose a boycott based on the social, political, environmental, production, and/or marketing practices of the manufacturer or supplier. Since our boycotts affect the products we sell, we boycott business entities, not countries or individuals. The purposes of a boycott should be threefold:
 1. Educate people about the issues involved;
 2. Apply economic leverage to the offending manufacturer or supplier; and
 3. Support an active, declared boycott that will meet these stated purposes.*
- b. If a member-owner makes a written request for a boycott, we will follow the relevant procedure. We will only consider boycotts that are likely to have a measurable impact, relate directly to our product line, and are likely to be supported by a majority of our member-owners.

*An active, declared boycott is one that has a solid presence in the public sphere, in print and/or on the internet. It should have a specific starting date, with identifiable supporters and endorsers, and the initiator of the boycott should provide periodic updates, at least once a year.

Policy Type: Board-Management Relationship
Policy Title: D – Global Board-Management Connection
Last Revised: October 4, 2022

The Board has hired the General Manager to operate the business. We will be an excellent employer to the General Manager as our sole employee, cultivating a relationship rooted in equity, respect, and mutual support. In delegating authority to the General Manager, we acknowledge the GM's expertise, and will work collaboratively and transparently with the GM in addressing any issues as they arise.

Policy Type: Board-Management Relationship
Policy Title: D1 – Unity of Control
Last Revised: October 4, 2022

Only official decisions and policies of the Board are binding on the GM.

- D1.1 In making requests of the GM, the Board will clearly differentiate between requests for information and requests for action and will be specific about when and how the GM is to respond to all such requests.
- D1.2 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.
- D1.3 In the case of directors or committees requesting information or assistance without Board authorization, the GM may choose to refer the request back to the full Board for authorization.

Policy Type: Board-Management Relationship
Policy Title: D2 – Accountability of the GM
Last Revised: December 6, 2022

The General Manager is accountable for achieving the Ends and operating the organization within Executive Limitations.

1. We will view organizational accomplishment of Ends and organizational operation within Executive Limitations as successful GM performance.
2. The Board will not instruct any employee other than the GM and the Board assistant.
3. The Board will not evaluate any employee other than the GM.

Policy Type: Board-Management Relationship
Policy Title: D3 – Delegation to the GM
Last Revised: June 4, 2019

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 - Evaluating the GM
Last Revised: March 6, 2024

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's policy monitoring process is the foundation of our annual evaluation of the GM.
2. We will monitor all policies that instruct the GM. The Board can monitor any policy at any time but will ordinarily follow the schedule outlined in the Board Annual Calendar.
3. We will acquire monitoring information by one or more of three methods: (a) most commonly by internal report, in which the GM discloses policy interpretations and compliance information to the Board; (b) occasionally by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (c) rarely by direct Board inspection, in which a designated director or committee assesses compliance with the policy.
4. We will accept that the GM is compliant with a policy if the monitoring report includes a reasonable interpretation, including clear metrics and benchmarks, and adequate data that demonstrate accomplishment of that interpretation.
 - a. The Board's standard for compliance with a policy will be any reasonable interpretation by the GM. The GM's interpretation does not need to be an interpretation that is favored by individual directors or by the Board as a whole.
5. In evaluating non-compliance, we will consider the severity, implications, and trends, as well as the GM's explanation and plan to achieve compliance.
6. The Board's annual evaluation of the GM will follow a regular schedule:
 - a. In the first quarter of each year the Board will review a summary of the monitoring reports received during the previous 12 months.
 - b. The Board will invite the GM into a conversation to share other relevant information and clarifications.
 - c. Based on the review of reports and the conversation, the Board will present an evaluation letter to the GM. That letter will constitute our full evaluation, and it will be delivered no later than the end of April.

Policy Type: Board-Management Relationship
Policy Title: D5 - Compensating the GM
Last Revised: August 2, 2022

The Board will compensate the General Manager in a way that honors their value to the cooperative and demonstrates our commitment to equitable treatment.

1. We will establish a compensation package that is equitable, competitive in our market, and sustainable for the cooperative.

We will use a strategic process to establish the value of the GM's compensation, and we will complete this process in time for it to be incorporated into the Co-op's annual budget.