

# Port Townsend Food Co-op

## POLICY REGISTER

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THE FOOD CO-OP

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Last Revised: January 24, 2018

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Policy Type: Ends  
Policy Title: A  
Last Revised: May 7, 2013

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Seeking to uphold the health of our community and world, The Food Co-op, a consumer co-operative, serves our membership by making available reasonably priced whole foods and other basic goods and resources by means of our life-affirming democratic organization.

As a result of all we do:

1. We will be the market of choice for our community to access local, organic, and non-GMO products.
2. A vibrant local and regional food system will provide our community with a year-round supply of food sold at prices that are fair to both consumers and producers.
3. We will have an engaged staff and board that use their expanding knowledge and skills to create a thriving workplace.
4. Our operations will be environmentally sustainable for the benefit of our members, community, and the planet
5. Our members will be knowledgeable about the products they consume, the connection between food choices and personal health, and environmentally sustainable practices.

Policy Type: Executive Limitations  
Policy Title: B – Global Executive Constraint  
Last Revised: May 7, 2013

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The General Manager shall 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 Rochdale Cooperative Principles.

Policy Type: Executive Limitations  
Policy Title: B1 – Financial Condition and Activities  
Last revised: May 7, 2013

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With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

The GM will not:

1. Allow operations to generate an inadequate net income.
2. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
3. Allow solvency (the relationship of debt to equity) to be insufficient.
4. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
5. Acquire, encumber or dispose of real estate.
6. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Use restricted funds for any purpose other than that required by the restriction.
9. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

Policy Type: Executive Limitations  
Policy Title: B2 – Business Planning and Financial Budgeting  
Last revised: May 7, 2013

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The General Manager shall not cause or allow business planning and budgeting to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

The GM will 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. Would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative.
  - d. Have not been tested for feasibility.
2. Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.

Policy Type: Executive Limitations

Policy Title: B3 – Asset Protection

Last revised: May 7, 2013

Last Reviewed: February 6, 2018

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

The GM will 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: May 6, 2014

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

The GM will not:

1. Cause or allow member privacy to be compromised.
2. 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 risk, cause or exacerbate non-compliance with any Financial Condition policy.
3. Implement a patronage dividend system that does not
  - d. Comply with IRS regulations.
  - e. 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.

Policy Type: Executive Limitations  
Policy Title: B5 – Treatment of Customers  
Last Revised: May 6, 2014

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The General Manager shall not be unresponsive to customer needs.

The GM will 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.
3. Fail to follow our Products We Choose to Carry guidelines:

Our product selection guidelines are an extension of our mission and values. These product guidelines are offered to provide a framework in which the Co-op ideals will be translated into the selection of goods for the store. These ideals include: good nutrition, respect for the environment, fostering of local production, socially responsible workplaces, and co-operative member ownership. The Co-op's purpose of providing a broad range of pure, whole, staple foods and other essential items at a reasonable price is the base upon which these guidelines rest.

- Product Qualities: Favoring whole foods with minimal processing; Certified Organically grown; Verified Non-GMO Products. (Refer to our GMO Statement); Products that do not contain ingredients on our unacceptable ingredients list.
- Commitment to Community: Giving preference to those products grown or produced by small scale enterprises, and to those grown or produced locally and regionally.
- Environmental Concerns: Minimizing the negative environmental effects pertaining to our choice of products and, where there is a choice, to take the least detrimental option.
- Consumer Education: Accepting the responsibility of providing educational information to our customers as it relates to these concerns and the products we sell, and in certain instances, as it relates to products we choose not to sell.
- Fair treatment of workers: Giving preference to products that are produced by workers who are paid fairly and treated fairly in the workplace.
- Support the co-op movement: Giving preference to products produced and distributed by co-ops.
- Political Concerns: Recognizing that there may be political implications of its selection of products and suppliers.
- Provide a full service grocery store: Complementing our array of basic products with items that are not commonly available elsewhere in eastern Jefferson County.

Policy Type: Executive Limitations  
Policy Title: B6 - Staff Treatment and Compensation  
Last revised: May 7, 2013

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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.
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: May 7, 2013

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The General Manager shall 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 any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance, in an untimely manner.
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 Board members 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: May 7, 2013

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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.

Policy Type: Executive Limitations  
Policy Title: B9 – Emergency GM Succession  
Last revised: May 7, 2013

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To protect the Board from sudden loss of GM services, the GM shall not have less than one other manager sufficiently familiar with Board and GM issues, files, 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: May 7, 2013

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Acting on behalf of our owners, the Board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

Policy Type: Board Process  
Policy Title: C1 – Governing Style  
Last Revised: May 7, 2013

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

1. Focus our vision outward and toward the future, taking direction from The Food Co-op Strategic Plan.
2. Maintain group discipline, authority and responsibility.
3. Clearly distinguish Board and General Manager roles.
4. Encourage diverse viewpoints.
5. Obey all relevant laws and bylaws.

Policy Type: Board Process  
Policy Title: C2 – The Board’s Job  
Last Revised: April 5, 2016

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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.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See D. Board GM Relationship Policies)
  - a. Use a strategic process to establish the value of GM compensation, and complete this process in a timely manner.
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. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
6. 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.
7. Perpetuate the Board’s leadership capacity using ongoing education, training and recruitment.
8. 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: September 3, 2013

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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. Throughout the year, we will attend to consent agenda items as expeditiously as possible.
3. We will limit the amount of meeting time taken up by Executive Limitations monitoring reports, discouraging extended discussion unless the reports indicate policy violations, or the policy criteria themselves need review.

Policy Type: Board Process  
Policy Title: C4 – Board Meetings  
Last Revised: October 4, 2016

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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.
2. Meetings will be open to the membership except when executive session is officially called.
  - a. We may 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.
4. The 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.

Policy Type: Board Process  
Policy Title: C5 – Directors’ Code of Conduct  
Last Revised: February 6, 2018

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

1. Every director is responsible at all times for acting in good faith, in a manner which s/he reasonably believes 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 demonstrate unconflicted loyalty to the interests of The Food Co-op 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 Food Co-op except as procedurally controlled to assure openness, competitive opportunity, and equal access to “inside” information.
  - b. 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 vote and, possibly, from deliberations on the issue. This includes, but is not limited to, any issues relating to the terms and conditions of a director’s employment.
  - c. 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.
  - d. 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. Non-exempt employee directors will report all hours spent working on behalf of the Food Co-op promptly each week, distinguishing between staff and board hours. Non-exempt employee directors are expected to notify their supervisor in advance in the rare instances their responsibilities require them to work more than 40 hours in a work week and to consult with the board president and general manager if their work load and board assignments are making it difficult to remain consistently within 40 hours per work week.
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.
  - c. Directors may request assistance from staff on board work if they ask and receive permission from the GM.
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 and attend board meetings, as required in the bylaws, and any other events and trainings as agreed upon by the board. The board shall further clarify these additional events as either an expectation of board service or an opportunity.
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. 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: February 7, 2017

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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 the document “The Food Co-op Officer Roles and Responsibilities,” in section “Job Descriptions and Charters” of the board manual. Annually, each officer will submit a self-evaluation to the board member writing the C6 monitoring report, and these evaluations will be included in the C6 report in some form.
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: May 7, 2013

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

1. Committees will reinforce and support the wholeness of the Board.
  - 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: May 7, 2013

Last Reviewed: November 7, 2017

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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 candidates for membership, 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 Process  
Policy Title: C9 – Boycott Policy  
Last Revised: June 3, 2014

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Decisions regarding individual products carried in the store normally rest with the GM. However, acting on behalf of the members, the board may institute a product boycott; A boycott is a refusal to purchase and/or carry a product or company's product line that is not consistent with The Food Co-op's Mission and Principles, Ends Policies, Strategic Plan or Policy Register.

Any member/owner may propose a boycott based on the social, political, environmental, production and/or marketing practices of the manufacturer or supplier.

The purposes of a boycott will be to:

1. Educate people about the issues involved.
2. Apply economic leverage to the offending manufacturer or supplier.
3. Support a nationally declared boycott that will meet the declared purposes.

All active boycotts must be revisited within no less than 3 years, or earlier, as appropriate

Policy Type: Board-Management Relationship  
Policy Title: D – Global Board-Management Connection  
Last Revised: May 7, 2013

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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: January 6, 2015

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

1. The Board will clearly differentiate between requests for information and requests for action
2. The board will be specific about when and how the GM is to respond to Board requests
3. The GM will provide the requested information per the agreed upon schedule and format
4. 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.
5. In the case of directors or committees requesting information or assistance without Board authorization, the GM can 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: May 7, 2013

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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 the Cooperative's accomplishment of Board-stated ends and avoidance of Board-proscribed means will be viewed 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: May 7, 2013

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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 in the policy register and our Mission and Principles.
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 7, 2013

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The Board will systematically and rigorously monitor and evaluate the GM’s job performance.

1. Monitoring is how the Board determines the degree to which the GM is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.
2. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM discloses 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 criteria.
3. In every case, the 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 will always judge with a “reasonable person” test rather than with interpretations favored by individual directors or by the Board as a whole.
4. The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. 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.
6. The Board’s annual evaluation of the general manager, based on a summary of monitoring reports, the GM evaluation form, and the GM’s self-evaluation, received from the fiscal year, will be completed by March 31<sup>st</sup>.
7. The Board will complete the GM compensation process no later than March 31<sup>st</sup>.