



Hanover  
Consumer  
Cooperative  
Society Inc.

**GOVERNANCE  
POLICIES**

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**Definitions:** The Hanover Consumer Cooperative Society is herein referred to as “the Co-op.”  
The General Manager is herein referred to as “the GM.”

## The Policy Governance Model

Board leadership requires, above all, that the board provide vision. To do so, the Board must first have an adequate vision of its own job. That role is best conceived neither as volunteer-helper nor as watchdog but as trustee-owner. Policy Governance is an approach to the job of governing that emphasizes values, vision, empowerment of both Board and staff, and the strategic ability to lead leaders.

Observing the principles of the Policy Governance model, a Board crafts its values into policies of the four types below. Policies written this way enable the board to focus its wisdom into one central, brief, document.

### Ends

The Board defines which human needs are to be met, for whom, and at what cost. Written with a long-term perspective, these mission-related policies embody most of the Board's part of long-range planning.

### Executive Limitations

The Board establishes the boundaries of acceptability within which staff methods and activities can responsibly be left to staff. These limiting policies, therefore, apply to staff means rather than to ends.

### Board-Executive Linkage

The Board clarifies the manner in which it delegates authority to staff as well as how it evaluates staff performance on provisions of the Ends and Executive Limitations policies.

### Board Process

The Board determines its philosophy, its accountability, and specifics of its own job.  
*Board Leadership: Policy Governance in Action*, John Carver ed., No. 52

### Bibliography

- Carver, John, *Boards that Make a Difference: A New Design for Leadership in Nonprofit and public organizations*, Jossey-Bass, 1990
- Carver, John, *Empowering Board for Leadership: 2 Cassette tapes. Redefining excellence in Governance*, Jossey-Bass, 1992
- Carver, John, *Board Governance: 2 hour VHS*, 1993
- Carver, John and Miriam Mayhew Carver, *Reinventing Your Board*, Jossey-Bass, 1997
- Oliver, Caroline, ed., *The Policy Governance Fieldbook*, Jossey-Bass, 1997



## **Ends Global – The Results We Aim to Create in the World**

The Hanover Consumer Cooperative Society exists to provide cooperative commerce for the greater good of our members and community.

We discern seven distinct groups comprising “our members and community,” as follows:

1. Co-op members
2. Non-member customers
3. Co-op staff and their families
4. Local suppliers
5. Local community
6. Larger cooperative community
7. Past and future generations of Hanover Co-op members

Because of the Hanover Consumer Cooperative Society:

1. The Upper Valley will have a retail source of food that is affordable, healthy, grown and/or processed locally to the fullest extent possible.
2. There will be economic value returned to the community via charitable contributions, outreach projects, patronage refunds to member and other avenues.
3. Customers and staff will be better educated about food issues and, as a result, make healthier choices.
4. There will be vibrant cooperative sector in the economy, both nationally and regionally, and a local community educated in the value of cooperative principles and enterprises.
5. The cooperative’s bioregion will have a vibrant local agricultural community and that community will, in turn, have a reliable retail market for its products.
6. There will be a major source of employment in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their families.
7. There will be a thriving business organization that protects and restores the environment.

*This policy will be monitored annually in March by Management report.*

Date Enacted / Original policy text:

January 17, 2001 Ends Global – Why We Are Here

Co-op members will have a unique sense of value and community through excellent delivery of products and services.

Date / Nature of Change:

July 17, 2002 Added text:

**Via a cooperative structure**, Co-op members experience a unique sense of value through community participation and excellent delivery of products and services.

**Who:**

**We exist to serve our current members. We put their interests first. We seek growth only when it is needed to serve members better or strengthen the organization.**

**What:**

**We offer products and services in many areas, especially, but not exclusively related to food.**

**How:**

**In everything we do, we embody the Cooperative Principles. We earn our members' trust.**

**Ends 1 – Community**

**Ends 1.1: We support our community.**

**Ends 1.2: We build community.**

**Ends 1.3: We support other communities.**

**Ends 1.4: We support the Co-op movement.**

**Ends 2 – Delivery**

**Our customers want products, services, and information delivered with friendly, efficient competence. Accordingly,**

**Ends 2.1: We consistently deliver outstanding customer service.**

**The staff is competent.**

**The staff is pleasant.**

**Store locations and hours are designed to serve our members.**

**Ends 2.2: We provide information pertaining to our members' needs and interests.**

**The information is relevant and up to date.**

**The information is independent.**

**The information is objective.**

**The information is timely.**

**Ends 3 – Products and Services**

**Ends 3.1: We offer an excellent selection of products.**

**Ends 3.2: We offer high quality products and services.**

**Ends 3.3: We offer education about a variety of issues, driven by member needs.**

August 21, 2002

Added text:

**Ends 1.1: We support our community. We support local and regional growers and producers.**

April 16, 2003

Added text: Ends 1 – Community

**Ends 1.1.2: The Cooperative Giving Program will contribute to the quality of life in the Upper Valley and promote cooperation.**

**Ends 1.1.2.1: Priorities: The Co-op will support organizations and programs which**

- provide direct services in response to community needs (high priority),
- are dedicated to the principles and spirit of cooperation (high priority), or focus on education / recreation, the environment, or culture and arts (low priority).

**Ends 1.1.2.2: Requirements: Applicant organizations or their purposes must:**

**-Be based in or primarily benefit Upper Valley communities**

**-Be nonprofit and nonpartisan (i.e., not affiliated with any political party or candidate)**

**-Not discriminate on the basis of race, creed, sex, national origin, age, sexual orientation, or physical disability**

**-Not be religious sectarians**

**Ends 1.1.2.3: The components of the Giving Program are**

**-The Hanover Cooperative Community Fund (HCCF). The HCCF is a permanent endowed fund providing a long-term community giving solution. Donations are made by the Board (see GP8).**

**-Small donations. An annual budget of \$5,000 is overseen by the GM, for donations of less than \$250. No monitoring is necessary.**

**-Fundraising or consciousness-raising space. Space will be granted at the discretion of the GM, if the space is available, and on a first come, first serve basis. No monitoring is necessary.**

October 15, 2003	Added text: <b>The members, the customers, the staff and their families, the local suppliers, local communities and organizations, and the larger cooperative movement.</b>
March 17, 2004	Revisions to paragraphs 1 & 3: <b>As a cooperative, we exist to benefit our members, while recognizing our responsibility to all other stakeholders and the environment. We define stakeholders as:</b> <ol style="list-style-type: none"> <li><b>1. Co-op members</b></li> <li><b>2. Non-member customers</b></li> <li><b>3. Co-op staff and their families</b></li> <li><b>4. Local suppliers</b></li> <li><b>5. Local community</b></li> <li><b>6. Larger cooperative community</b></li> <li><b>7. Past and future generations of Hanover Co-op members</b></li> </ol> <b>We strive to earn our stakeholders’ trust. For every program and service, we measure both the cost and the quantitative and/or qualitative benefit actually delivered. Annually, we report these costs and benefits to members.</b>
July 21, 2004	Added text just before Ends 1 – Community. <b>We acknowledge that a healthy and sustainable environment is essential to the long-term survival of our community and our stakeholders. Accordingly, the cooperative will conduct its affairs in a manner that advances the objective of environmental sustainability, even at the potential expense of more short-term economic gains.</b>
January 19, 2005	Monitoring report schedule changed from January to February.
October 19, 2005	Added text before Ends 1: <b>Cooperative commerce for the greater good of our members and community.</b>
April 18, 2007	Revised policy text: <b>The Hanover Consumer Cooperative Society exists to promote cooperative commerce for the greater good of our members and community.</b> We [Delete: define stakeholders as:] <b>discern seven distinct groups comprising “our members and community,” as follows:</b> <ol style="list-style-type: none"> <li>1. Co-op members</li> <li>2. Non-member customers</li> <li>3. Co-op staff and their families</li> <li>4. Local suppliers</li> <li>5. Local community</li> <li>6. Larger cooperative community</li> <li>7. Past and future generations of Hanover Co-op members</li> </ol> <ol style="list-style-type: none"> <li><b>1. The Upper Valley will have a retail source of food that is affordable, healthy, grown and/or processed locally to the fullest extent possible.</b></li> <li><b>2. There will be economic value returned to the community via charitable contributions, outreach projects, patronage refunds to members and other avenues.</b></li> <li><b>3. Customers will be better educated about food issues and, as a result, make healthier choices than those who shop elsewhere.</b></li> <li><b>4. There will be a vibrant cooperative sector in the economy, both nationally and regionally, and a local community educated in the value of cooperative principles and enterprises.</b></li> <li><b>5. The cooperative’s bioregion will have a vibrant local agricultural community and that community will, in turn, have a reliable retail market for its products.</b></li> <li><b>6. There will be a major source of employment in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their families.</b></li> <li><b>7. There will be a thriving business organization that protects and restores the environment.</b></li> </ol>
April 15, 2009	Revisions as noted below. <b>Because of the Hanover Consumer Cooperative Society:</b> <ol style="list-style-type: none"> <li>3. Customers <b>and staff</b> will be better educated about food and consumer issues and, as a result, make healthier choices. [Deleted: than those who shop elsewhere]</li> </ol> Monitoring report schedule changed from February to March. This policy will be monitored annually in <b>March</b> by Management report.



## **EL Global – Executive Limitations**

The General Manager (GM) will not cause or allow any organizational practice, activity, decision, or circumstance that is unlawful, imprudent, unethical, or inconsistent with cooperative principles and values.

Date Enacted / Original policy text:

April 19, 2000 EL Global – Executive Constraint  
The General Manager shall not cause nor allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent or in violation of commonly accepted business or professional ethics, or disruptive to the Co-op's survival as an ongoing business.

Date / Nature of Change:

January 19, 2006 Revised text: The GM will not cause or allow any **organizational** practice, activity, decision, or circumstance that is unlawful, imprudent, **unethical, or inconsistent with cooperative principles and values.**

**EL 1 – Planning**

The GM may not cause or allow planning to deviate materially from the Board’s Ends priorities or fail to be derived from a strategic long-term plan.

Further, without limiting the scope of the foregoing by this enumeration, the GM may not cause or allow plans that:

**EL 1.1:** Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

**EL 1.1.1:** Contain insufficient information to support assumptions.

**EL 1.2:** Are not updated at least annually.

**EL 1.3:** Do not protect the long-term health of the Co-op as described in Financial Conditions policy.

**EL 1.4:** Are planned in isolation or do not provide appropriate support of the Neighboring Cooperatives collaboration.

**EL 1.5:** Do not provide for governance development (as set forth in GP 3).

**EL 1.6:** Leave the Co-op unprepared for loss of key management personnel.

*This policy shall be monitored annually.*

Date Enacted /	Original policy text: July 19, 2000 as EL 4 Budgeting / Financial Planning
	<p>With respect to budgeting for all or an part of a fiscal period, the General Manager may not jeopardize either operations or the fiscal integrity of the organization. Accordingly,</p> <p>EL 4.1 The General Manager will not fail to ensure budgeting that contains sufficient detail to enable reasonably accurate projection of revenues, cash flow and expense, while separating capital and operation items, allowing subsequent audit trails, and disclosing planning assumptions.</p> <p>EL 4.2 The General Manager will not fail to ensure budgeting that projects income conservatively and constrains budgeted operating expenses within a projected income levels.</p> <p>EL 4.3 The General Manager will not fail to ensure budgeting that conforms to Board stated priorities when making allocations among competing budgeting needs.</p> <p><i>This policy shall be monitored by annual review of the proposed budget and internal report quarterly for updates.</i></p>
Date / Nature of Change:	
March 16, 2005	<p>Revised text: EL 4 <b>Business Planning and Budgeting</b></p> <p>[Deleted: With respect to budgeting for all or an part of a fiscal period,] The General Manager may not (1) jeopardize [either] the operational[s] or [the] fiscal integrity of the organization <b>when budgeting for all or any part of a fiscal period, nor (2) fail to allocate the resources of the organization without taking into account the short- and long-term future of the organization when allocating resources.</b> Accordingly, ...</p> <p>EL 4.3 The General Manager will not fail to ensure budgeting <b>and planning</b> that conforms to Board stated priorities when making allocations among competing budgeting <b>and planning</b> needs.</p> <p><b>EL 4.4 The GM shall not fail to prepare and present to the Board an annual business plan that separately addresses how the organization expects to achieve its objectives over the ensuing year and the ensuing five years in accordance to the Board’s stated priorities.</b></p> <p><b>EL4.5 The GM shall not fail to present the Board with the annual business plan at least two months prior to the end of the cooperative’s fiscal year and the proposed budget at least one month prior to the end of the cooperative’s fiscal year.</b></p> <p><i>This policy shall be monitored quarterly by internal report of the GM to the Board and annually by the board’s review of the annual business plan and proposed budget.</i></p>
January 19, 2006	<p>Changed title from EL 4 to EL 1.</p> <p>Revised text: <b>EL 1 Planning</b></p> <p><b>The GM may not cause or allow planning to deviate materially from the Board’s Ends priorities or fail to be derived from a strategic long-term plan.</b></p> <p><b>Further, without limiting the scope of the foregoing by their enumeration, the GM may not cause or allow plans that:</b></p> <p><b>EL 1.1 Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.</b></p> <p><b>EL 1.1.1 Contain insufficient information to support assumptions.</b></p> <p><b>EL 1.2 Are not updated at least annually.</b></p> <p><b>EL 1.3 Do not protect the long-term health of the Co-op as described in Financial Conditions policy.</b></p> <p><b>EL 1.4 Do not provide appropriate support of the Neighboring Cooperative collaboration.</b></p> <p><b>EL 1.5 Do not provide appropriate governance development (as set forth in GP 3).</b></p> <p><b>EL 1.6 Leave the Co-op unprepared for loss of key management personnel.</b></p> <p><i>The policy will be monitored according to the monitoring schedule in ...</i></p>
March 15, 2006	<p>Revised EL 6.1 to become <b>EL 1.6.1:</b> And leave the Co-op unprepared for loss of key management personnel.</p> <p>Added new EL 6.1 text: <b>Do not ensure that the organizational capacity is commensurate with the future needs of the Co-op.</b></p>
April 19, 2006	<p>Revised EL 1.4 to become <b>EL 1.4.1:</b> Do not provide from appropriate support of the Neighboring Cooperative collaboration,</p> <p>Added new EL 1.4 text: <b>Are planned in isolation,</b></p>
February 16, 2011	<p>Revised EL 1.4 to incorporate EL 1.4.1 and become <b>EL 1.4:</b> Are planned in isolation <b>or</b> do not provide appropriate support of the Neighboring Cooperatives collaboration.</p>

**EL 2 – Financial Condition and Performance**

With respect to the actual ongoing activities of the Co-op, the General Manager may not jeopardize the current and long-term financial health or allow material deviation from Board priorities as stated in the Ends Policies.

Further, without limiting the scope of the foregoing by this enumeration, the GM may not cause or allow:

- EL 2.1:** Indebtedness of a type and level that jeopardizes the ability of the cooperative to repay its current and long-term debts in a timely and efficient fashion.
- EL 2.2:** Liquidity, or the ability to meet cash needs in a timely and efficient fashion to be insufficient.
- EL 2.3:** Any requirements of contracts, payroll, loans, or other financial obligations to be unmet or overdue.
- EL 2.4:** Tax payments or other government-ordered payments or filing to be overdue or inaccurately filed.
- EL 2.5:** Consolidated operations to generate inadequate net income.
- EL 2.6:** Financial record-keeping systems to be inadequate or out of conformity with generally accepted accounting practices (GAAP).
- EL 2.7:** A failure to provide the Board, on at least a quarterly basis, with an accurate balance sheet, statement of cash flows, net income statement, and such additional indices and reports as the General Manager deems useful to the Board in the discharge of its fiduciary responsibilities.

*This policy will be monitored quarterly.*

Date Enacted / Original policy text: July 19, 2000 as EL 5 Financial Condition

With respect to operating the cooperative in a sound and prudent manner, the General Manager may not jeopardize the long term financial health of the cooperative. Accordingly,  
 EL 5.1 The General Manager will not fail to use restricted funds only within the limits required by the restriction.

EL 5.2 The General Manager will not fail to settle payroll and debts in a timely manner.

EL 5.3 The General Manager will not allow expenditures to deviate materially from Board stated priorities.

EL 5.4 The General Manager will not fail to disclose fiscal activity and concerns to the Board.

EL 5.5 The General Manager will not fail to provide all needed information to outside auditors on a timely basis.

*This policy will be monitored monthly by financial report to the Board and annually by external audit.*

Date / Nature of Change:

January 19, 2006 Changed title from EL 5 to EL 2.

Revised text approved: **EL 2 Financial Condition and Performance**

**With respect to the actual ongoing activities of the Co-op, the General Manager may not jeopardize the current and long-term financial health or allow material deviation from Board priorities as stated in the Ends Policies.**

**Further, without limiting the scope of the foregoing by this enumeration, the GM may not cause or allow:**

**EL 2.1: Indebtedness of a type and level that jeopardizes the ability of the cooperative to repay its current and long-term debts in a timely and efficient fashion.**

**EL 2.2: Liquidity, or the ability to meet cash needs in a timely and efficient fashion to be insufficient.**

**EL 2.3: Any requirements of contracts, payroll, loans, or other financial obligations to be unmet or overdue.**

**EL 2.4: Tax payments or other government-ordered payments or filing to be overdue or inaccurately filed.**

**EL 2.5: Consolidated operations to generate inadequate net income.**

**EL 2.6: Financial record-keeping systems to be inadequate or out of conformity with generally accepted accounting practices (GAAP).**

**EL 2.7: A failure to provide the Board, on at least a quarterly basis, with an accurate balance sheet, statement of cash flows, net income statement, and such additional indices and reports as the General Manager deems useful to the Board in the discharge of its fiduciary responsibilities.**

*This policy will be monitored according to the monitoring schedule in...*

**EL 3 – Asset Protection**

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

Further, without limiting the scope of the foregoing by this enumeration, the General Manger shall not allow:

- EL 3.1:** Inadequate security of premises and property.
- EL 3.2:** Uncontrolled purchasing or purchasing subject to conflicts of interest.
- EL 3.3:** Lack of due diligence in contracts and real estate acquisitions.
- EL 3.4:** Uninsured, inadequately insured, or otherwise irreplaceable equipment and facilities, considering potential damage or destruction.
- EL 3.5:** Unnecessary exposure to liability or lack of insurance protection from claims of liability.
- EL 3.6:** Unprotected data, intellectual property, information, or files, considering potential loss, theft, or significant damage.
- EL 3.7:** Damage to the Co-op's good will, its public image, its credibility, or its ability to accomplish Ends.

*This policy will be monitored annually.*

Date Enacted / Original policy text: July 19, 2000 as EL 6 Asset Protection

To prevent disrepair, excessive risk, untraceable transactions or conflict of interest in the management of the cooperative's resources, the General Manager will not fail to:

EL 6.1 Maintain insurance coverage of at least 100% of the replacement value on stock, building, furniture and equipment and cash on hand, as well as business interruption insurance;

EL 6.2 Ensure appropriate safeguards for handling cash;

EL 6.3 Receive, process, or disburse funds under controls sufficient to meet the Board-appointed auditor's standards;

EL 6.4 Properly maintain building and equipment;

EL 6.5 Protect the cooperative's assets from abuse or misuse. The General Manager will not fail to ensure that the Cooperative property is inventoried according to a set procedure and time line, and that a security system is in place to ensure adequate safeguards against theft, loss, or damage of property.

EL 6.6 Deposit the Cooperative's fund in institutions where they are fully protected and receive adequate returns.

*This policy will be monitored annually at the end of the 3<sup>rd</sup> quarter by report of the CFO through the Finance Committee to the Board.*

Date / Nature of Change:

January 19, 2006 Changed title from EL 6 to EL 3.

Revised text approved: **EL 3 Asset Protection**

**The GM shall not allow assets to be unprotected, unreasonably risked, or inadequately maintained. Further, without limiting the scope of the foregoing by this enumeration, the General Manger shall not allow:**

**EL 3.1: Inadequate security of premises and property.**

**EL 3.2: Purchasing to be uncontrolled or subject to conflicts of interest.**

**EL 3.3: Lack of due diligence in contracts and real estate acquisitions.**

**EL 3.4: Equipment and facilities to be uninsured, inadequately insured, or otherwise unable to be replaced if damaged or destroyed.**

**EL 3.5: Unnecessary exposure to liability or lack of insurance protection from claims of liability.**

**EL 3.6: Data, intellectual property, information, or files to be unprotected from loss, theft, or significant damage.**

**EL 3.7: Damage to the Co-op's good will, its public image, its credibility, or its ability to accomplish ends.**

*This policy will be monitored according to the monitoring schedule in Appendix 2.*

**EL 4 – Treatment of Customers**

The GM shall not cause or allow conditions, procedures, or decisions that fail to reflect the high standard of customer service that the public should expect of a consumer cooperative. Accordingly,

- EL 4.1:** The GM shall not cause products to be offered for sale that are unreasonably dangerous to human health.
- EL 4.2:** The GM shall not fail to respect the privacy of any information customers share with the cooperative.
- EL 4.3:** The GM shall not fail to treat customers respectfully, courteously and helpfully.
- EL 4.4:** The GM shall not fail to act in the best interests of consumers when choosing products for retail sale, determining their prices, and providing information about such products.
- EL 4.5:** The GM shall not fail to establish a clear understanding with customers of what may be expected and what may not be expected from the service offered.
- EL 4.6:** The GM shall not fail to provide a mechanism for customers to express concerns to the management and to respond to such expressions of concerns on a timely and responsive basis.
- EL 4.7:** The GM shall not fail to conduct regular customer satisfaction surveys. This policy is not intended to interfere with the use of customer survey information for educational or Board purposes.

*This policy shall be monitored annually by report of the GM to the Board.*

Date Enacted / Original policy text: July 19, 2000. EL 1 Treatment of Consumers

With respect to interactions with consumers, the General Manager shall not cause or allow conditions, procedures or decisions that are unsafe, undignified, unnecessarily intrusive, or that fail to provide appropriate confidentiality or privacy. Accordingly,

EL 1.1: The General Manager shall not use application forms that elicit information for which there is no clear necessity.

EL 1.2: The General Manager shall not use methods of collecting, reviewing, transmitting, or storing client information that fail to protect against improper access to the material gathered.

EL 1.2.1: The General Manager shall not make any individual member data available outside the Co-op.

EL 1.3: The General Manager shall not fail to maintain facilities that provide a reasonable level of privacy, both visual and aural.

EL 1.4: The General Manager shall not fail to establish a clear understanding with consumers of what may be expected and what may not be expected from the service offered.

EL 1.5: The General Manager shall not fail to inform consumers of this policy, or to provide a grievance process to those who believe that they have not been accorded a reasonable interpretation of their rights under this policy.

The intention of this policy is not to interfere with legitimate use of consumer information for educational purposes.

*This policy shall be monitored annually by internal report of the General Manager to the Board as part of the General Manager's evaluation.*

Date / Nature of Change:

July 16, 2003. Added text to: EL 1.3 to say The GM shall not fail to maintain **space in the** facilities that provides a reasonable level of privacy. Deleted: [both visual and aural].

January 19, 2006 Changed title from EL 1 to EL 4. No changes to text.

September 18, 2009. Added: **EL 4.1 The GM shall not cause products to be offered for sale that are unreasonably dangerous to human health.** The other subparagraph numbers were adjusted to accommodate the addition of the new first subparagraph, but no other text changes were made.

January 20, 2010 Revised policy text:

Deleted: [With respect to interactions with customers, t] The GM shall not cause or allow conditions, procedures, or decisions that [are unsafe, undignified, unnecessarily intrusive, or that fail to provide appropriate confidentiality or privacy.] **fail to reflect the high standard of customer service that the public should expect of a consumer cooperative.**

**EL 4.2:** The GM shall not [use application forms that elicit information for which there is no clear necessity] **fail to respect the privacy of any information customers share with the cooperative.**

**EL 4.3:** The GM shall not [use methods of collecting, reviewing, transmitting, or storing client information that fail to protect against improper access to the material gathered.

The GM shall not make any individual member or customer data available outside the Co-op, except for the purposes of law enforcement and fraud prevention, and only with appropriate confidentiality measures] **fail to treat customers respectfully, courteously and helpfully.**

**EL 4.4:** The GM shall not fail to [maintain space in the facilities that provides a reasonable level of privacy] **act in the best interests of consumers when choosing products for retail sale, determining their prices, and providing information about such products.**

**EL 4.6:** The GM shall not fail to [inform customers of this policy, or to provide a grievance process to those who believe that they have not been accorded a reasonable interpretation of their rights under this policy] **provide a mechanism for customers to express concerns to the management and to respond to such expressions of concerns on a timely and responsive basis.**

[The intention of this policy is not to interfere with legitimate use of customer information for educational purposes.]

*This policy shall be monitored annually by [internal] report of the GM to the Board [as part of the GM's evaluation].*

July 21, 2010 Added policy text:

**EL 4.7: The GM shall not fail to conduct regular customer satisfaction surveys.**

**This policy is not intended to interfere with the use of customer survey information for educational or Board purposes.**

**EL 5 – Treatment of Staff**

The GM shall not fail to maintain conditions which are humane, fair, and dignified for all paid and volunteer staff. Accordingly,

**EL 5.1:** The GM will not discriminate among or terminate employees on any basis other than individual performance and qualifications.

**EL 5.1.1:** The GM shall not fail to consider seniority as a valuable qualification.

**EL 5.2:** The GM will not fail to protect staff from unsafe, unhealthy, or illegal conditions.

**EL 5.3:** The GM will not fail to establish job descriptions for all jobs.

**EL 5.4:** The GM will not fail to provide job training as needed for staff, and offer opportunities for professional developmental training.

**EL 5.5:** The GM will not fail to evaluate each staff person at least annually based upon pre-established criteria.

**EL 5.6:** The GM will not fail to post all job openings internally.

**EL 5.7:** The GM will not fail to provide for a fair and thorough review of any grievance by means of a known procedure which will be used without bias, and shall not fail to provide the staff member involved with an explanation of a management decision of any grievance upon proper request.

**EL 5.8:** The GM will not fail to provide the Board with annual employee survey results.

*This policy shall be monitored annually by internal report of the GM to the Board as part of the GM's annual review.*

Date Enacted / Original policy text: July 19, 2000 as EL 2 Staff Treatment

The General Manager shall not fail to maintain conditions which are humane, fair and dignified for all paid and volunteer staff. Accordingly,

EL 2.1: The General Manager will not discriminate among or terminate employees on any basis other than individual performance and qualifications.

EL 2.1.1: The General Manager shall not fail to consider seniority as a valuable qualification.

EL 2.2: The General Manager will not fail to protect staff from unsafe, unhealthy, or illegal conditions.

EL 2.3: The General Manager will not fail to establish job descriptions for all jobs.

EL 2.4: The General Manager will not fail to provide job training as needed for staff, and offer opportunities for professional developmental training.

EL 2.5: The General Manager will not fail to evaluate each staff person at least annually based upon pre-established criteria.

EL 2.6: The General Manager will not fail to post all job openings internally.

EL 2.7: The General Manager will not fail to provide for a fair and thorough review of any grievance by means of a known procedure which will be used without bias, and shall not fail to provide the staff member involved with an explanation of a management decision of any grievance upon proper request.

*Monitored annually by internal report of the GM to Board as part of GM's annual review.*

Date / Nature of Change:

January 19, 2006 Changed title from EL 2 to EL 5. No changes to text.

February 16, 2011 Added **EL 5.8: The GM will not fail to provide the Board with annual employee survey results.**

**EL 6 – Compensation and Benefits**

The GM may not cause inexplicable discrimination with respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, or allow jeopardy to fiscal integrity or public image. Accordingly,

**EL 6.1:** The GM will not fail to establish a current compensation and benefits schedule which:

- Represents the geographic and/or professional market for the skills employed.
- Is based on revenues that can be safely projected.
- Represents internal equity.
- Adheres to policies adopted by the Board and distributed to the staff.

**EL 6.2:** The GM will not fail to inform staff that employment is neither permanent nor guaranteed.

**EL 6.3:** The GM will not allow compensation and benefits significantly beyond the limits established by the pay schedule.

*This policy shall be monitored annually by internal report of the GM to the Board.*

Date Enacted / Original policy text: July 19, 2000 as EL 3 Compensation and Benefits

The General Manager may not cause inexplicable discrimination with respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, or allow jeopardy to fiscal integrity or public image. Accordingly,

EL 3.1: The General Manager will not fail to establish a current compensation and benefits schedule which:

Represents the geographic and/or professional market for the skills employed.

Is based on revenues that can be safely projected.

Represents internal equity.

Adheres to policies adopted by the Board and distributed to the staff.

EL 3.2: The General Manager will not fail to apprise staff that employment is neither permanent nor guaranteed.

EL 3.3: The General Manager will not allow compensation and benefits significantly beyond the limits established by the pay schedule.

*This policy shall be monitored annually by internal report of the General Manager to the Board.*

January 19, 2006 Changed title from EL 3 to EL 6. No changes to text.

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## **EL 7 – Communication and Counsel to the Board**

The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work. Accordingly, the GM will not

- EL 7.1:** Submit monitoring data that is untimely, inaccurate, or hard to understand.
- EL 7.2:** Fail to report, or report in an untimely manner, any actual or anticipated noncompliance with any policy of the Board.
- EL7.3:** Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal and external changes that
  - EL 7.3.1:** affect the assumptions upon which Board policy has previously been adopted,
  - EL 7.3.2:** are reasonably likely to cause the Board to consider changes to the policy register,
  - EL 7.3.3:** concern which employees report directly to the general manager or the job responsibilities of such employees,
  - EL 7.3.4:** arise out of contact with, or actions by, government instrumentalities or other institutions that have significant impact on the affairs of the cooperative,
  - EL 7.3.5:** affect any current or planned capital projects, or
  - EL 7.3.6:** involve matters that members, government authorities or the general public would reasonably expect the Board to be aware of.
- EL 7.4:** 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 conduct that is detrimental to the work relationship between the Board and the GM.
- EL 7.5:** Deal with the Board in a way that favors or privileges certain Board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
- EL 7.6:** Fail to supply for the Board’s agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.
- EL 7.7:** Fail to supply direct evidence to the Board on a timely basis that the Cooperative is in compliance with all obligations that may trigger the personal legal liability of Board members.

*This policy will be monitored annually by internal report of the GM to the Board.*

- Date Enacted / Original policy text: July 19, 2000 as EL 8 Communication and Counsel to the Board  
 The General Manager will not fail to keep the Board informed of information relevant to the Board's responsibilities. Accordingly,  
 EL 8.1: The General Manager shall not fail to inform the Board of relevant trends, public events of the organization, or internal and external changes which affect the previous assumptions of the Board.  
 EL 8.2: The General Manager shall not fail to provide to the Board timely, accurate, and understandable monitoring data required by Board policy.  
 EL 8.3: The General Manager shall not fail to inform the Board of significant problems that require the General Manger's attention with respect to members, services, staff, and the community.  
*This policy will be monitored by Board's acceptance of the General Manager's monthly report, culminating in the General Manger's evaluation.*
- Date / Nature of Change:  
 June 21, 2001 Added: **EL 8.4 No violation of Board policy should ever be kept from the Board. If the GM deems it necessary to violate Board policy, s/he will inform the President immediately and the Board no later than the next meeting.**  
 June 18, 2003. Revised: *This policy will be monitored annually in June by management report.*  
 Added: **See Appendix 1: Procedure for GM Monitoring Reports**  
 January 19, 2006. Changed title from EL 8 to EL 7.  
 August 16, 2006. Revised EL 7 policy text, as follows:  
 The General Manager will not fail to keep the Board informed of information relevant to the Board's responsibilities. Accordingly,  
 EL 7.1: The General Manager shall not fail to inform the Board of relevant trends, public events of the organization, or internal and external changes which affect the previous assumptions of the Board.  
**EL 7.1.1 The GM shall not fail to provide the board with a written report at least every two months describing the extent to which such trends, events and changes have occurred.**  
 Deleted: [EL 7.2: The General Manager shall not fail to provide to the Board timely, accurate, and understandable monitoring data required by Board policy.]  
 EL 7.2: The General Manager shall not fail to inform the Board of significant problems that require the General Manger's attention with respect to members, services, staff, and the community.  
 Revised EL 7.4: **EL 7.3 The GM shall not fail to inform the Board no later than the next meeting when a violation of Board policy has occurred.**  
 Added: **EL 7.4 The GM shall not fail to provide to the Board timely, accurate, and understandable monitoring data required by Board policy.**  
*This policy will be monitored annually by internal report of the GM to the Board.*
- October 15, 2008. Revised as follows:  
 Deleted: [The GM will not fail to keep the Board informed of information relevant to the Board's responsibilities. Accordingly,]  
 Added: **The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work.**  
 Accordingly, the GM will not  
 Deleted: [EL 7.1: The GM will not fail to inform the Board of relevant trends, public events of the organization, or internal and external changes which affect the previous assumptions of the Board.  
 EL 7.1.1: The GM shall not fail to provide the Board with a written report at least every two months describing the extent to which such trends, events, and changes have occurred.]  
 Added: **EL 7.1: Submit monitoring data that is untimely, inaccurate, or hard to understand.**  
 Deleted: [EL 7.2: The GM shall not fail to provide the Board timely, accurate, and understandable monitoring data required by Board policy.]  
 Added: **EL 7.2: Fail to report, or report in an untimely manner, any actual or anticipated noncompliance with any policy of the Board.**  
 Deleted: [EL 7.3: The GM shall not fail to inform the Board of significant problems that require the GM's attention with respect to members, services, staff, and the community.  
 EL 7.3.1: If the GM deems it necessary to violate Board policy, s/he shall not fail to inform the President immediately.]  
 Added: **EL 7.3 Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal and external changes that**  
**EL 7.3.1 affect the assumptions upon which Board policy has previously been adopted,**  
**EL 7.3.2 are reasonably likely to cause the Board to consider changes to the policy register,**  
**EL 7.3.3 concern which employees report directly to the general manager or the job responsibilities of such employees,**  
**EL 7.3.4 arise out of contact with, or actions by, government instrumentalities or other institutions that have significant impact on the affairs of the cooperative,**  
**EL 7.3.5 affect any current or planned capital projects, or**

**EL 7.3.6 involve matters that members, government authorities or the general public would reasonably expect the Board to be aware of.**

Deleted: [EL 7.4: No violation of Board policy should ever be kept from the Board. If the GM deems it necessary to violate Board policy, s/he will inform the President immediately and the Board no later than the next meeting.]

Added: **EL 7.4 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 conduct that is detrimental to the work relationship between the Board and the GM.**

**EL 7.5 Deal with the Board in a way that favors or privileges certain Board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.**

**EL 7.6 Fail to supply for the Board's agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.**

**EL.7.7 Fail to supply direct evidence to the Board on a timely basis that the Cooperative is in compliance with all obligations that may trigger the personal legal liability of Board members.**



## **EL 9 – Cooperative Giving Program**

The Co-op Giving Program will contribute to the quality of life in the Upper Valley and promote cooperation. Accordingly,

**EL 9.1:** The General Manager will not fail to administer a giving program in support of cooperatives that are neighboring, regional, national, or international.

**EL 9.2:** The General Manager will not fail to administer a giving program in support of community organizations which

- Are nonprofit and nonpartisan (not affiliated with or promoting any political party or candidate);
- Do not discriminate on the basis of race, creed, gender, national origin, age, sexual orientation, or physical disability;
- Primarily benefit Upper Valley communities and their citizens; or
- Are fund-raising for programs that meet all of the above criteria; and
- Are fund-raising for programs that are not intended to advance a particular religious belief.

**EL 9.3:** The GM shall not fail to administer **The Hanover Co-operative Community Fund (HCCF)**, which will provide the Co-op with a long-term charitable giving endowment fund; its purpose is to provide funding for the Co-op's donations to local non-profit organizations and to other cooperatives.

The HCCF is managed by the Twin Pines Cooperative Foundation (TPCF), a California-based tax-exempt 501(c)3 corporation (see the Appendix for the contract). The Board guides the fund through the GM and the HCCF Trustee Advisory Committee.

*This policy will be monitored annually by the GM (as well as annually by direct report of the HCCF Trustee Advisory Committee).*

Date Enacted / Original policy text: October 15, 2003 as EL 12 Cooperative Giving Program

The Co-op views its giving program as an extension of its mission and business philosophy.

Accordingly,

EL 12.1: The General Manager will not fail to administer a giving program in support of cooperatives.

EL 12.2: The General Manager will not fail to administer a giving program in support of community organizations who

- Are nonprofit and nonpartisan (not affiliated with or promoting any political party or candidate);
- Do not discriminate on the basis of race, creed, gender, national origin, age, sexual orientation, or physical disability;
- Benefit Upper Valley communities and their citizens;
- Are fund-raising for programs that meet all of the above criteria; and
- Are fund-raising for programs that are not intended to advance a particular religious belief.

Date / Nature of Change:

January 19, 2006. Changed title from EL 12 to EL 9.

April 19, 2006. Revised EL 9, *[INSERT TEXT HERE]*

Revised EL9.1: Deleted the word [and], inserted the word **or**.

Revised El 9.2: Inserted the word **or** after the third bullet, and reinstating the eliminated bullet point:

**Are fund-raising for programs that meet all of the above criteria.**

June 20, 2007. Added EL 9.3: **The GM shall not fail to administer**

**The Hanover Co-operative Community Fund (HCCF) which will provide the Co-op with a long-term charitable giving endowment fund; its purpose is to provide funding for the Co-op's donations to local non-profit organizations and to other cooperative.**

**The HCCF is managed by the Twin Pines Cooperative Foundation (TPCF), a California based tax-exempt 504(c)3 corporation (see Appendix for contract). The Board guides the fund through the GM and the HCCF Trustee Advisory Committee.**

**EL 10 – Appropriate Architecture and Design**

When constructing new buildings, or substantially modifying existing buildings, the GM shall not fail to consider the importance of building design and architecture to:

**EL 10.1:** The human spirit, customer and employee satisfaction, and the community served by the cooperative;

**EL 10.2:** The possible impact on other relevant board policies, particularly those relating to the environment, customer service, and the financial success of the organization.

*This policy will be monitored by report of the GM during the programmatic phase of architecture or design and at any additional time the GM thinks is appropriate.*

Date Enacted / Original policy text: August 18, 2004 as EL 14 Appropriate Architecture and Design

When constructing new buildings, or substantially modifying existing buildings, the GM shall not fail to consider the importance of building design and architecture to:

- The human spirit, customer and employee satisfaction, and the community served by the cooperative;
- The possible impact on other relevant board policies, particularly those relating to the environment, customer service, and the financial success of the organization.

*This policy will be monitored by report of the GM during the programmatic phase of architecture or design and at any additional time the GM thinks is appropriate.*

Date / Nature of Change:

February 16, 2011 Changed the format of the policy from bullets to sub-policy numbers EL 10.1 and EL 10.2.

**EL 11 – Tobacco**

Because of the Co-op's ends, values, and mission and the serious health hazards of tobacco products, the GM shall not promote their use.

Accordingly,

**EL 11.1:** The GM shall not cause or allow the sale of tobacco products at the Co-op on or after January 1, 2009.

**EL 11.2:** The GM shall not permit the use of tobacco products anywhere on property owned or leased by the Co-op on or after January 1, 2010.

**EL 11.3:** The GM shall not fail to educate employees and members regarding the opportunities to participate in smoking cessation programs.

*This policy will be monitored in March 2009, October 2009, March 2010, and annually thereafter.*

Date Enacted / Original policy text: August 20, 2008

Because of the Co-op's ends, values, and mission and the serious health hazards of tobacco products, the GM shall not promote their use.

Accordingly,

EL 11.1: The GM shall not cause or allow the sale of tobacco products at the Co-op on or after January 1, 2009.

EL 11.2: The GM shall not permit the use of tobacco products anywhere on property owned or leased by the Co-op on or after January 1, 2010.

EL 11.3: The GM shall not fail to educate employees and members regarding the opportunities to participate in smoking cessation programs.

Date / Nature of Change:

September 17, 2008. Monitoring statement added. *This policy will be monitored in March 2009, October 2009, March 2010, and annually thereafter.*

**EL 12 – Board Logistical Support**

The General Manager will not allow the Board to have inadequate logistical support. Accordingly, the GM will not:

- EL 12.1:** Provide the Board with insufficient staff administration to support governance activities and Board communication.
- EL 12.2:** Allow the Board to be without a workable mechanism for official board, officer or committee communications.
- EL 12.3:** Allow Board Members to be without an updated copy of the Policy Register and the Bylaws.
- EL 12.4:** Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.

*This policy shall be monitored annually.*

Date Enacted / Original policy text: October 15, 2008

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

Accordingly, the GM will not:

EL 12.1: Provide the Board with insufficient staff administration to support governance activities and Board communication.

EL 12.2: Allow the Board to be without a workable mechanism for official board, officer or committee communications.

EL 12.3: Allow Board Members to be without an updated copy of the Policy Register and the Bylaws.

EL 12.4: Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.

*This policy shall be monitored annually.*

Date / Nature of Change:

**EL 14 - Cooperation with the Upper Valley Food Co-op**

Our cooperative is deeply committed to the sixth cooperative principle, which reflects a commitment to cooperation among cooperatives, even as two food cooperatives serve the same community. This is currently the situation in White River Junction, which is served by both the Upper Valley Food Co-op and the HCCS.

Accordingly, the General Manager shall not fail

**EL 14.1:** To be in regular communication with the General Manager of the Upper Valley Food Co-op,

**EL 14.2:** To maintain an active, trusting and cooperative relationship between the Upper Valley Food Co-op and the HCCS,

**EL 14.3:** To operate our co-op in a manner not designed to threaten or undermine the success of the Upper Valley Food Co-op,

**EL 14.4:** To explore and promote opportunities for collaborative efforts between the two cooperatives in purchasing, operations, management, finance, personnel and other business-related activities to the extent such activities are not prohibited by law,

**EL 14.5:** To conduct business relations with the Upper Valley Food Co-op that are in the best interests of the members of the HCCS,

**EL 14.6:** To inform the Board if the Upper Valley Food Co-op no longer maintains a written EL policy concerning our Co-op that is substantially identical to this policy.

Date Enacted / Original Policy Text: July 20, 2011 as EL 14 - Cooperation with the Upper Valley Food Co-op

Our cooperative is deeply committed to the sixth cooperative principle, which reflects a commitment to cooperation among cooperatives, even as two food cooperatives serve the same community. This is currently the situation in White River Junction, which is served by both the Upper Valley Food Co-op and the HCCS.

Accordingly, the General Manager shall not fail

**EL 14.1:** To be in regular communication with the General Manager of the Upper Valley Food Co-op,

**EL 14.2:** To maintain an active, trusting and cooperative relationship between the Upper Valley Food Co-op and the HCCS,

**EL 14.3:** To operate our co-op in a manner not designed to threaten or undermine the success of the Upper Valley Food Co-op,

**EL 14.4:** To explore and promote opportunities for collaborative efforts between the two cooperatives in purchasing, operations, management, finance, personnel and other business-related activities to the extent such activities are not prohibited by law,

**EL 14.5:** To conduct business relations with the Upper Valley Food Co-op that are in the best interests of the members of the HCCS,

**EL 14.6:** To inform the Board if the Upper Valley Food Co-op no longer maintains a written EL policy concerning our Co-op that is substantially identical to this policy.



## **B-GM Global – Board-GM Flow of Authority**

The Board of Directors is a policy-making body. The board oversees the cooperative exclusively by drafting and monitoring compliance with policies that are binding on the general manager. Thus the board's link to the cooperative is exclusively through the general manager. The general manager will be in active communication with the board and may also, on occasion, delegate this responsibility to others. If so, the general manager is responsible for and will be bound by such communications.

Date Enacted / Original policy text: April 19, 2000 as B-GM Global – Board-GM Flow of Authority

The Board of Directors is a policy-making body. The link between the Board and the operation of the Co-op is limited to its communication with, and direction of, the General Manger (GM).

Date / Nature of Change:

January 18, 2011. Text revised.

The Board of Directors is a policy-making body. The **board oversees the cooperative exclusively by drafting and monitoring compliance with policies that are binding on the general manager. Thus the board's link [between the Board and the operation of] to the cooperative is [limited to its communication with, and direction of, exclusively through the general manager. The general manager will be in active communication with the board and may also, on occasion, delegate this responsibility to others. If so, the general manager is responsible for and will be bound by such communications.**

**B-GM 1 – Unity of Control**

Only decisions of the Board acting as a body are binding on the GM. Accordingly,

**B-GM 1.1:** Decisions or instructions of individual board members, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized such exercises of authority.

**B-GM 1.2:** In the case of Board members or committees requesting information or assistance without Board authorization, the GM can refuse such requests that require, in the GM's opinion, a material amount of staff time or funds, or are disruptive.

Date Enacted / Original policy text: August 16, 2000 as B-GM 1 Unity of Control

Only decisions of the Board acting as a body are binding on the GM. Accordingly,

B-GM 1.1 Decisions or instructions of individual board members, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized such exercises of authority.

B-GM 1.2 In the case of Board members or committees requesting information or assistance without Board authorization, the GM can refuse such requests that require, in the GM's opinion, a material amount of staff time or funds, or are disruptive.

Date / Nature of Change:

**B-GM 2 – Accountability of the GM**

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

**B-GM 2.1:** The only employee who will receive instructions from the Board is the GM.

**B-GM 2.2:** The Board will refrain from evaluating, either formally or informally, any staff other than the GM.

**B-GM 2.3:** The Board will view GM performance as identical to organizational performance. Organizational accomplishment of board-stated Ends and avoidance of board-proscribed means will be viewed as successful GM performance.

Date Enacted / Original policy text: August 16, 2000 as B-GM 2 Accountability of the GM

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

B-GM 2.1: The only employee who will receive instructions from the Board are the Board Administrator and the GM.

B-GM 2.2: The Board will refrain from evaluating, either formally or informally, any staff other than the GM.

B-GM 2.3: The Board will view GM performance as identical to organizational performance, so that organizational accomplishment of board-stated Ends and avoidance of Board-proscribed means will be viewed as successful GM performance.

Date / Nature of Change:

June 16, 2004. B-GM 2.3 Added: a period after the word performance.

Deleted: [so that,]

Capitalized: **O**rganizational.

August 15, 2007. Added: The GM is the Board's only link to operational achievement and conduct **of the cooperative**, so that all authority and accountability of staff, as far as the Board is concerned, are considered the authority and accountability of the GM. **The only exception is the Board Administrator, whose role is providing assistance directly to the Board as distinct from the operation of the cooperative.**

B-GM 2.2 The Board will refrain from evaluating, either formally or informally, any staff other than the GM **and the Board Administrator.**

October 15, 2008. Deleted: [The only exception is the Board Administrator, whose role is providing assistance directly to the Board as distinct from the operation of the cooperative.]

B-GM 2.1: The only employee[s] who will receive instructions from the Board [deleted: are the Board Administrator and] is the GM.

B-GM 2.2: The Board will refrain from evaluating, either formally or informally, any staff other than the GM [deleted: and the Board Administrator].

**B-GM 3 – Delegation to the GM**

The Board will instruct the GM through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the GM to use any reasonable interpretation of these policies. Accordingly,

**B-GM 3.1:** The Board will develop policies instructing the GM to achieve certain results, for certain recipients, at an appropriate cost. These policies will be developed systematically from the broadest most general level to more defined levels, and will be called Ends policies.

**B-GM 3.2:** The Board will develop policies that limit the latitude the GM may exercise in choosing organizational means. These policies will be developed systematically from the broadest most general level to more defined levels, and will be called Executive Limitations policies.

**B-GM 3.3:** 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, make all decisions, establish all practices, and develop all activities.

**B-GM 3.4:** The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and GM domains. By doing so, the Board changes the latitude of choice given to the GM. But as long as any particular delegation is in place, the Board will respect and support the GM's choices.

Date Enacted / Original policy text: August 16, 2000 as B-GM 3 Delegation to the GM

The Board will instruct the GM through written policies that proscribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the GM to use any reasonable interpretation of these policies. Accordingly,

B-GM 3.1: The Board will develop policies instructing the GM to achieve certain results, for certain recipients, at a specified cost. These policies will be developed systematically from the broadest most general level to more defined levels, and will be called Ends policies.

B-GM 3.2: The Board will develop policies that limit the latitude the GM may exercise in choosing organizational means. These policies will be developed systematically from the broadest most general level to more defined levels, and will be called Executive Limitations policies.

B-GM 3.3: 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, make all decisions, establish all practices, and develop all activities.

B-GM 3.4: The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and GM domains. By doing so, the Board changes the latitude of choice given to the GM. But as long as any particular delegation is in place, the Board will respect and support the GM's choices.

Date / Nature of Change:

September 15, 2010. Revised text, deleted: "...at a [specified] cost."

B-GM 3.1: The Board will develop policies instructing the GM to achieve certain results, for certain recipients, at an appropriate cost.

**B-GM 4 – Monitoring GM Performance**

Systematic and rigorous monitoring of GM performance will be solely against the only expected GM job outputs: organizational accomplishment of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations. Accordingly,

**B-GM 4.1:** Monitoring is simply to determine the degree to which the Board policies are being met. Therefore, the GM shall define metrics to measure results, set standards, and provide data that show performance relative to those standards.

**B-GM 4.2:** The Board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the GM discloses 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, and (c) by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

**B-GM 4.3:** In every case, the standard for compliance shall be any reasonable GM interpretation of the Board policy being monitored.

**B-GM 4.4:** All policies that instruct the GM will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend upon a routine schedule.

*Refer to Appendix 2: Monitoring calendar.*

*Refer to Appendix 3: Procedure for GM Monitoring Reports for guidelines.*

Date Enacted / Original policy text: August 16, 2000 as B-GM 4 Monitoring GM Performance

Systematic and rigorous monitoring of GM performance will be solely against the only expected GM job outputs: organizational accomplishment of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations. Accordingly,

B-GM 4.1: Monitoring is simply to determine the degree to which the Board policies are being met.

Data that do not do this will not be considered to be monitoring data.

B-GM 4.2: The Board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the GM discloses 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, and (c) by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

B-GM 4.3: In every case, the standard for compliance shall be any reasonable GM interpretation of the Board policy being monitored.

B-GM 4.4: All policies that instruct the GM will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend upon a routine schedule.

The Vice-President is responsible for keeping the Policy Governance monitoring schedule and giving people advance notice of upcoming monitoring report dates.

*The monitoring calendar follows:*

Date / Nature of Change:

November 14, 2001 B-GM 4.1 Deleted: [Data that do not do this will not be considered to be monitoring data.]

Inserted: **Therefore, the GM shall define metrics to measure results, set standards, and provide data that show performance relative to those standards.**

B-GM 4.4 Deleted: The Vice-President is responsible for keeping the Policy Governance monitoring schedule and giving people advance notice of upcoming monitoring report dates.

April 16, 2003

Added: **March GP8 – HCCF: Annual report of the GM to the Board.**

June 18, 2003

Added: **See Appendix 1: Procedure for GM Monitoring Reports**

October 15, 2008

B-GM 4.4 Deleted: The Board Administrator is responsible for keeping the Policy Governance monitoring schedule and giving people advance notice of upcoming monitoring report dates.

## **GP Global – Governance Process Commitment**

The purpose of the Board, acting on behalf of the Co-op members, is to set strategic, long-range direction, hire the GM and monitor organizational performance, monitor Board performance, and provide effective leadership using the Policy Governance process.

Date Enacted / Original policy text: April 19, 2000 as GP Global – Governance Process Commitment

The purpose of the Board, acting on behalf of the Co-op members, is to set strategic, long-range direction, hire the General Manager, and monitor organizational performance. The Board will do this by using the Policy Governance process.

Date/Nature of Change:

August 20, 2008. Reviewed GP policies, revised Global language to reflect all GP policy categories.

Deleted: [The Board will do this by...] using the Policy Governance process.

Added: , **monitor Board performance, and provide effective leadership.**

**GP 1 – Governing Style**

The Board will govern with an emphasis on strategic leadership and outward vision. Accordingly,

**GP 1.1:** The Board will be an initiator of policy that:

**GP 1.1.1:** is written,

**GP 1.1.2:** reflects its values and perspectives about ends to be achieved and means to be avoided, and

**GP 1.1.3:** is focused on the long-term effects outside the organization.

**GP 1.2:** The Board will:

**GP 1.2.1:** encourage diverse viewpoints,

**GP 1.2.2:** make collective decisions, and

**GP 1.2.3:** maintain a clear distinction between Board and GM roles.

**GP 1.2.4:** make all significant and important decisions formally by Board vote.

**GP 1.3:** The Board will strive for excellence through:

**GP 1.3.1:** group responsibility,

**GP 1.3.2:** discipline, meaning regular attendance, being prepared for meetings, following policy-making principles, and respecting one another's roles,

**GP 1.3.3:** Board development and orientation, and

**GP 1.3.4:** self-monitoring of the Board's process and performance.

Date Enacted / Original policy text: September 20, 2000 as GP 1 Governing Style

The Board will govern with an emphasis on strategic leadership and outward vision. Accordingly,

GP 1.1: The Board will be an initiator of policy that is:

GP 1.1.1: Written,

GP 1.1.2: Reflects its values and perspectives about ends to be achieved and means to be avoided,

GP 1.1.3: Is focused on the long-term effects outside the organization.

GP 1.2: The Board will exercise the following:

GP 1.2.1: Diverse viewpoints,

GP 1.2.2: Collective decisions, and

GP 1.2.3: Clear distinction of Board and General Manager roles.

GP 1.3: The Board will strive for excellence through the following:

GP 1.3.1: Group responsibility,

GP 1.3.2: Discipline, meaning regular attendance, being prepared for meetings, following policy-making principles, and respecting one another's roles,

GP 1.3.3: Board development and orientation, and

GP 1.3.4: Self-monitoring of the Board's process and performance.

Date/Nature of Change:

June 18, 2003 Added: GP 1.2.4: make all significant and important decisions formally by Board vote.

May 16, 2007 [no minutes documentation of changes]

## **GP 2 – Board Deliverables**

The job of the Board is to represent all Co-op members in determining and demanding appropriate organizational performance. Accordingly,

**GP 2.1:** The Board will maintain and cultivate the link between the organization and the ownership. This will assure that:

**GP 2.1.1:** Members are well-informed about the nature of the Cooperative, the activities conducted by the Cooperative, and the results it achieves with respect to its Ends Policies.

**GP 2.1.2:** Members understand the industry of which the Cooperative is a part and can consider the activities of the Cooperative in the context of relevant markets.

**GP 2.1.3:** Members understand the different interests and stakeholders that exist within the Cooperative.

**GP 2.1.4:** The Cooperative continually analyzes changes in its membership and its environment, regularly revisits Ends-related issues in light of such changes, and innovates to meet changing member needs.

**GP 2.2:** The Board will produce written governing policies that, at the broadest levels, address each category of organizational decision:

**Ends:** Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).

**Executive Limitations:** Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

**Governance Process:** Specification of how the Board conceives, carries out, and monitors its own task.

**Board-GM Linkage:** How power is delegated and its proper use monitored; the GM role, authority, and accountability.

**GP 2.3:** The Board will produce assurance of GM performance against Ends and Executive Limitations Policies.

Date Enacted / Original policy text: September 20, 2000 as GP 2 Board Deliverables

The job of the Board is to represent the Co-op members in determining and demanding appropriate organizational performance. Accordingly,

GP 2.1 The Board will produce the link between the organization and the ownership.

GP 2.2 The Board will produce written governing policies that, at the broadest levels, address each category of organizational decision:

GP 2.2.1: Ends: Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).

GP 2.2.2: Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

GP 2.2.3: Governance Process: Specification of how the Board conceives, carries out, and monitors its own task.

GP 2.2.4: Board-GM Linkage: How power is delegated and its proper use monitored; the GM role, authority, and accountability.

GP 2.3 The Board will produce assurance of General Manager performance against Ends and Executive Limitations Policies.

Date / Nature of Change: Approved new text is shown in **bold**, with deleted text in [brackets].

September 17, 2003. GP 2.1: The Board will take active steps to [Deleted: produce] maintain and cultivate the link between the organization and the ownership.

October 18, 2006. Added GP 2.1.1-6

**GP 2.1.1: The principal objective of the member linkage program is to assure that the Board's Ends policies are in accord with the needs and aspirations of the Cooperative's membership.**

**GP 2.1.2: The Board will employ a variety of methodologies on a systematic basis to achieve member linkage.**

**GP 2.1.3: For the purpose of allowing the Board to make effective use of insights derived from the linkage program, the Board will create and maintain reasonably detailed records of its linkage activities.**

**GP 2.1.4: The Board will establish a work plan/calendar that includes specific Ends-related linkage objectives.**

**GP 2.1.5: Prior to the Cooperative's annual meeting each year, the board will monitor its linkage efforts for the previous calendar year via a written report. The board will also monitor the progress of its linkage efforts by internal written report in June of each year.**

**GP 2.1.6: The Board will support its member linkage program with an appropriate allocation of funds from the board's budget.**

June 18, 2008. GP 2.1.2: Changed 'methodologies' to '**methods**'

Deleted: [GP 2.1.3 For the purpose of allowing the Board to make effective use of insights derived from the linkage program, the Board will create and maintain reasonably detailed records of its linkage activities.]

July 15, 2009. The GP 2.1 policy text revised.

**GP 2.1** The Board will maintain and cultivate the link between the organization and the ownership. **This will assure that:**

**GP 2.1.1: Members are well-informed about the nature of the cooperative, the activities it conducts, and the results it achieves with respect to its Ends Policies.**

[The principle objective of the member linkage program is to assure that the Board's Ends policies are in accord with the needs and aspirations of the Cooperative's membership.]

**GP 2.1.2: Members understand the industry of which the Cooperative is a part and can consider the activities of the Cooperative in the context of relevant markets.**

[The Board will employ a variety of methods on a systematic basis to achieve member linkage.]

**GP 2.1.3: Members understand the different interests and stakeholders that exist within the Cooperative.**

[The Board will establish a work plan that includes specific ends related lineage objectives].

**GP 2.1.4: The Cooperative continually analyzes changes in its membership and its environment, regularly revisits Ends-related issues in light of such changes, and innovates to meet changing member needs.**

[GP 2.1.5: Prior to the Cooperative's annual meeting each year, the Board will monitor its linkage efforts for the previous calendar year via a written report. The Board will also monitor the progress of its linkage efforts by internal written report in June of each year.]

[GP 2.1.6: The Board will support its member linkage program with an appropriate allocation of funds from the Board's budget.]

February 16, 2011 GP 2 Summary Statement revised: The job of the Board is to represent **all** [the] Co-op members in determining and demanding appropriate organizational performance.



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### **GP 3 – Governance Development**

The Board will invest in its governance capacity. Board skills, methods, and supports will be sufficient to assure governing with excellence while incurring prudent costs. Accordingly,

**GP 3.1:** While the Board will always be vigilant to avoid unnecessary or irresponsible expenses, it is anticipated that the total budget for the Board will typically be in the range of one-tenth to two-tenths of one percent of the organization's total revenues.

**GP 3.1.1:** The Board shall develop and monitor an annual budget within GP 3.1 limits that includes expense categories that are consistent with the needs of the Board to carry out its other governance and fiduciary responsibilities.

**GP 3.1.2:** The Board shall develop and follow a budgetary process and schedule that includes the steps needed to put together the budget from the assembling of initial data to the final Board approval, with that approval occurring no later than three months before the start of the budget year.

**GP 3.1.3:** The Board shall monitor its compliance with agreed upon expenditure limits through review of quarterly reports of Board budgeted and actual expenditures provided by the General Manager.

**GP 3.1.4:** The Board shall develop and follow a process for making changes in the budget during the budget year that balances the need for quick action and the need for all Board members to have the opportunity to review and approve the budget changes.

**GP 3.1.4.1:** After approval of the final budget, and during the budgetary year, the Board needs to approve of any increases to budget allocations.

**GP 3.2:** New and veteran Board members will be provided with the skills and knowledge necessary to discharge their responsibilities most effectively.

**GP 3.3:** Outside monitoring will be arranged so that the Board can exercise confident control over the organizational performance. This includes, but is not limited, to fiscal audit and legal services.

- The Board will hire independent, third-party representatives, monitors and/or auditors at rates that are consistent with prevailing market rates for such services in the Upper Valley. The costs of such services should fit within the stated guidelines for the Board's total budget.

**GP 3.4:** Outreach mechanisms will be used as needed to ensure the Board’s ability to listen to member viewpoints and values.

- The costs of such mechanisms should fit within the stated guidelines for the Board’s total budget.

*This policy will be monitored annually in March.*

Date Enacted / Original policy text: September 20, 2000 as GP 3 Board Budget  
 The Board will invest in its governance capacity. Board skills, methods, and supports will be sufficient to assure governing with excellence while incurring prudent costs.  
 Accordingly,  
 GP 3.1 Training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.  
 GP 3.1.1: Up to \$3,000 in fiscal year 2000/2001 will be spent on training, including attendance at conferences and workshops.  
 GP 3.2 Outside mentoring assistance will be arranged so that the Board can exercise confident control over organizational performance. This includes, but is not limited to fiscal audit.  
 GP 3.2.1: Up to \$18,000 in fiscal year 2000/2001 will be spent on audit and other third-party monitoring of organizational performance.  
 GP 3.3 Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.

Date / Nature of Change:

March 21, 2001. Title of policy changed to GP 3 **Governance Development**.  
 January 21, 2004. Added: ***This policy will be monitored annually in March.***  
 July 21, 2004. Added: **GP 3.5 Each year, Board members are encouraged to attend at least one board meeting of another co-op and briefly report their observations. The goals of this policy are to learn from other boards and to advance the objective of cooperation among cooperatives. Requests to attend another co-op's board meeting should be made directly by the individual Hanover Board members and be scheduled at the mutual convenience of the Board member and the hosting board president.**  
 Unknown date. Deleted: GP 3.1: Training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings. Up to \$3,000 in fiscal year 2000/2001 will be spent on training, including attendance at conferences and workshops.  
 Deleted: GP 3.3 Up to \$18,000 in fiscal year 2000/2001 will be spent on audit and other third-party monitoring or organizational performance.  
 September 17, 2008. Added: GP 3.1.1, GP 3.1.2, GP 3.1.3, GP 3.1.4, GP 3.1.4.1  
**GP 3.1.1: The Board shall develop and monitor an annual budget within GP 3.1 limits that includes expense categories that are consistent with the needs of the Board to provide financial oversight, secure technical assistance, training, and administrative support, provide cooperative and community assistance, link effectively with members, and carry out its other governance and fiduciary responsibilities.**  
**GP 3.1.2: The Board shall develop and follow a budgetary process and schedule that includes the steps needed to put together the budget from the assembling of initial data to the final Board approval, with that approval occurring no later than three months before the start of the budget year.**  
**GP 3.1.3: The Board shall monitor its compliance with agreed upon expenditure limits through review of quarterly reports of Board budgeted and actual expenditures provided by the General Manager.**  
**GP 3.1.4: The Board shall develop and follow a process for making changes in the budget during the budget year that balances the need for quick action and the need for all Board members to have the opportunity to review and approve the budget changes.**  
**GP 3.1.4.1: After approval of the final budget, and during the budgetary year, the Board President may make adjustments to budget allocations up to 10% of the total in that budget sub-category without full Board approval. The Board needs to approve of any adjustments to budget allocations of 10% or more in any budget sub-category.**  
 April 20, 2011. Policy revised:  
**GP 3.1:** While the Board will always be vigilant to avoid unnecessary or irresponsible expenses, it is anticipated that the total budget for the Board will typically be in the range of one-tenth to two-tenths of one percent of the organization's total revenues.  
**GP 3.1.1:** The Board shall develop and monitor an annual budget within GP 3.1 limits that includes expense categories that are consistent with the needs of the Board to [provide financial oversight, secure technical assistance, training, and administrative support, provide cooperative and community assistance, link effectively with members, and] carry out its [other] governance and fiduciary responsibilities.  
**GP 3.1.4.1:** After approval of the final budget, and during the budgetary year, the [Board President may make adjustments to budget allocations up to 10% of the total in that budget sub-category without full Board approval. The] Board needs to approve of any [adjustments to budget allocations of 10% or more in any budget sub-category] **increases to budget allocations.**

**GP 3.2:** [Training and orientation programs should be used liberally to educate] new and [existing] **veteran** Board members **will be provided with** [in] the skills and knowledge necessary to discharge their responsibilities **most** effectively.

[It is expected that within the Board's overall budget, generally one- to five-one-hundredths of one percent of the Co-op's total revenues should be allocated to Board training, which is defined as, but not limited to, the use of third-party consultants and educators, attendance at conferences and workshops (including travel to and from such events), and an orientation program for the entire Board each year.]

**GP 3.5:** [this sub-policy deleted.]

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## **GP 4 – Board Members’ Code of Conduct**

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly,

**GP 4.1:** Board members must represent unconflicted loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization’s services.

**GP 4.2:** Members must avoid conflict of interest with respect to their fiduciary responsibility.

**GP 4.2.1:** Board members must disclose and address conflicts of interest with respect to their fiduciary responsibilities to the Cooperative. A Board member has a conflict of interest within the meaning of this policy when s/he or a family member has a material financial interest in an issue or matter pending for discussion or decision by the Board and Management.

**GP 4.2.1.1:** For purposes of this policy, a “family member” is a Board member’s spouse, domestic partner, or child, as well as the spouse of a Board member’s child or other relative of a Board member living in the same household as the Board member.

**GP 4.2.1.2:** For purposes of this policy, a “material financial interest” is (1) an ownership or investment interest in an entity whose transactions, arrangements, potential transactions or potential arrangements with the Cooperative are before the Board or Management, (2) a compensation arrangement, including an employment relationship, with any such entity, (3) fiduciary duties, as a Board member or otherwise, or executive-level management authority at any such entity, or (4) direct personal participation (other than as a Board member) in a pending matter before the Board. A person who owns shares in a mutual fund does not have a “material financial interest” as to any of the fund’s holdings unless the Board or family member directs or advises the fund in connection with portfolio transactions.

**GP 4.2.1.3:** A staff member who becomes a Board member does not have a “material financial interest” by virtue of her or his employment relationship to the Cooperative.

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- GP 4.2.2:** When a conflict of interest exists, a Board member must take one of two actions to address the conflict: (1) The Board member may advise the President, either in writing or at a Board meeting, that the Board member has a conflict of interest, and thereafter the Board member must absent herself or himself from all discussions and voting of the Board on any matter related to the conflict of interest. (2) The Board member may advise the Board that a conflict of interest exists and may ask the Board to waive the conflict and permit the Board member to participate in discussion and voting on the matter. In the second circumstance, the Board member may participate in discussion and voting on the matter only by affirmative vote of the other Board members present and the Board may impose such conditions on the Board member's participation as the Board deems necessary to assure openness, competitive opportunity, access to inside information and the public perception that the Board is conducting its business fairly and ethically.
- GP 4.2.3:** Board members may not use their positions on the Board to obtain employment for themselves, family members, or close associates. A Board member wishing to pursue employment with the Cooperative may only do so after she or he has resigned or her or his term of office has expired.
- GP 4.2.4:** Upon taking office as a Board member, and prior to the May Board meeting of each year thereafter, each Board member shall report to the President, on a form approved by the Board, the existence of any actual conflict of interest or any other conflict of interest that the Board member has reason to believe may arise during the ensuing year. In addition, each Board member shall promptly report to the President any new conflict of interest that arises during the year.
- GP 4.3:** Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in the board policies.
- Board members' interaction with the GM or with the staff must recognize the lack of authority vested in individuals except when explicitly board-authorized.
  - Board members' interactions with public, press, or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
- GP 4.4:** Board members will respect the confidentiality appropriate to issues of a sensitive nature.
- GP 4.5:** Board members are not required to provide any personal data to the Co-op as a condition of Board service, except insofar as the Co-op requires such

information to comply with applicable federal or state law. Board members must provide such information and otherwise comply with applicable legal requirements when the Co-op identifies the specific statute or rule involved and furnishes the applicable forms and instructions.

**GP 4.6:** In order to contribute to the Board, Board members must be capable of a high standard of behavior and performance.

- They must meet the qualifications and accept the obligations specified in GP 6 (Nominating Process).
- They must be civil, courteous, and professional.
- They must communicate effectively with the rest of the Board.
- They must fulfill their commitments.

Date Enacted / Original policy text: December 20, 2000 as GP 4 Board Members' Code of Conduct

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly,

GP 4.1: Board members must represent unconflicted loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's services.

GP 4.2: Members must avoid conflict of interest with respect to their fiduciary responsibility.

GP 4.2.1: There must be no self-dealing or any conduct or private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to inside information.

GP 4.2.2: When the Board has to decide upon an issue about which a member has an unavoidable conflict of interest. That member shall absent herself or himself without comment from not only the vote but also from the deliberation.

GP 4.2.3: Board members must not use their positions to obtain employment for themselves, family members or close associates. Should a member pursue employment, he or she must first resign from the Board.

GP 4.2.4: Members will annually disclose their involvements with other organizations, with vendors, or any other associations that might produce a conflict.

GP 4.3: Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in the Board policies.

GP 4.3.1: Board members' interaction with the GM or with the staff must recognize the lack of authority vested in individuals except when explicitly board-authorized.

GP 4.3.2: Board members' interactions with public, press, or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.

GP 4.4: Board members will respect the confidentiality appropriate to issues of a sensitive nature.

*This policy will be monitored annually by a written report of each Board member to the Board President in May. If a member's situation changes during the year, this should be made known immediately to the Board President in writing for inclusion in the Consent Agenda at the next Board meeting.*

Date / Nature of Change:

June 21, 2001

Added: GP 4.2.5: **Staff Board members shall not be involved in personnel matters.**

Added: **GP 4.5 Both Federal and New Hampshire governments impose requirements on Board members.**

**The Federal government requires that they provide a copy of their Social Security card.**

**The Board is the legal holder of the Co-op's state liquor license. Upon first joining the Board, members must sign a liquor affidavit.**

July 16, 2003

Added: **Upon joining the Board and whenever necessary, each Board member will disclose any potential conflicts of interest by written report to the Board President.**

January 21, 2004

Added: GP 4.2.1, 4.2.1.1-3, 4.2.2, 4.2.4, 4.2.5, 4.5

**GP 4.2.1: Board members must disclose and address conflicts of interest with respect to their fiduciary responsibilities to the Cooperative. A Board member has a conflict of interest within the meaning of this policy when s/he or a family member has a material financial interest in an issue or matter pending for discussion or decision by the Board and Management.**

**GP 4.2.1.1: For purposes of this policy, a "family member" is a Board member's spouse, domestic partner, or child, as well as the spouse of a Board member's child or other relative of a Board member living in the same household as the Board member.**

**GP 4.2.1.2: For purposes of this policy, a "material financial interest" is (1) an ownership or investment interest in an entity whose transactions, arrangements, potential transactions or potential arrangements with the Cooperative are before the Board or Management, (2) a compensation arrangement, including an employment relationship, with any such entity, (3) fiduciary duties, as a Board member or otherwise, or executive-level management authority at any such entity, or (4) direct personal participation (other than as a Board member) in a pending matter before the Board. A person who owns shares in a mutual fund does not have a "material financial interest" as to any of the fund's holdings unless the Board or family member directs or advises the fund in connection with portfolio transactions.**

**GP 4.2.1.3: A staff member who becomes a Board member does not have a "material financial interest" by virtue of her or his employment relationship to the Cooperative.**

**GP 4.2.2:**When a conflict of interest exists, a Board member must take one of two actions to address the conflict: (1) The Board member may advise the President, either in writing or at a Board meeting, that the Board member has a conflict of interest, and thereafter the Board member must absent herself or himself from all discussions and voting of the Board on any matter related to the conflict of interest. (2) The Board member may advise the Board that a conflict of interest exists and may ask the Board to waive the conflict and permit the Board member to participate in discussion and voting on the matter. In the second circumstance, the Board member may participate in discussion and voting on the matter only by affirmative vote of the other Board members present and the Board may impose such conditions on the Board member's participation as the Board deems necessary to assure openness, competitive opportunity, access to inside information and the public perception that the Board is conducting its business fairly and ethically.

**GP 4.2.4:**Upon taking office as a Board member, and prior to the May Board meeting of each year thereafter, each Board member shall report to the President, on a form approved by the Board, the existence of any actual conflict of interest or any other conflict of interest that the Board member has reason to believe may arise during the ensuing year. In addition, each Board member shall promptly report to the President any new conflict of interest that arises during the year.

**GP 4.5:**Board members must comply with all requirements of federal and state law with respect to their roles as Board members. These requirements may include but are not necessarily limited to the obligation to provide the Co-op with a copy of the Board member's Social Security card and the obligation to execute an affidavit with respect to the Co-op's state liquor license.

August 20, 2008 Deleted text in GP 4.2.4 [each Board member shall advise the President in writing as to any conflict of interest the Board member has or is likely to have during the Board member's tenure. Thereafter, consistent with GP 4.2.2, each Board member has an affirmative obligation to disclose conflicts of interest as they arise.] Changed to an annual conflict of interest disclosure.

September 19, 2009 Revised GP 4.5: Deleted: [Board members must comply with all requirements of federal and state law with respect to their roles as Board members. These requirements may include but are not necessarily limited to the obligation to provide the Co-op with a copy of the Board member's Social Security card and the obligation to execute an affidavit with respect to the Co-op's state liquor license.]  
 Added: **Board members are not required to provide any personal data to the Co-op as a condition of Board service, except insofar as the Co-op requires such information to comply with applicable federal or state law. Board members must provide such information and otherwise comply with applicable legal requirements when the Co-op identifies the specific statute or rule involved and furnishes the applicable forms and instructions.**



## **GP 5 – President’s Role**

The Board President assures the integrity of the Board’s process and, secondarily, occasionally represents the Board to outside parties.

Accordingly,

**GP 5.1:** The job result of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

- The President will assure that meeting discussion content will be only on those issues, which according to board policy, clearly belong to the Board to decide, not the GM.
- The President will assure that deliberation will be fair, open and thorough but also timely, orderly and kept to the point.
- The President will call for a vote on all seconded motions from the floor.
- The President will assure that all decisions are voted.
- The President will assure that diverse viewpoints are allowed to be presented at Board meetings and that all Board members are free to present their views to the Board.

**GP 5.2:** The authority of the President consists in making decisions that fall within topics covered by board policies on Governance Process and Board-GM Linkage, except where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.

- The President is empowered to set the agenda and chair Board meetings, with all the commonly accepted powers of that position (for example: ruling, recognizing, etc.).
- The President has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the President has no authority to supervise or direct the GM.
- The President may represent the Board to outside parties in announcing board-stated positions and in stating decisions within the area delegated to the President.
- The President may delegate this authority but remains accountable for its use.

*This policy will be monitored by annual report of the President followed by an executive session with the General Manager and without the President in November of each calendar year.*

Date Enacted / Original policy text: October 18, 2000 as GP 5 President's Role

The Board President assures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties.

Accordingly,

GP 5.1: The job result of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

GP 5.1.1: The President will assure that meeting discussion content will be only on those issues, which according to board policy, clearly belong to the Board to decide, not the GM.

GP 5.1.2: The President will assure that deliberation will be fair, open and thorough but also timely, orderly and kept to the point.

GP 5.2: The authority of the President consists in making decisions that fall within topics covered by board policies on Governance Process and Board-GM Linkage, except where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.

GP 5.2.1: The President is empowered to set the agenda and chair Board meetings, with all the commonly accepted powers of that position (for example: ruling, recognizing, etc.).

GP 5.2.2: The President has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the President has no authority to supervise or direct the GM.

GP 5.2.3: The President may represent the Board to outside parties in announcing board-stated positions and in stating decisions within the area delegated to the President.

GP 5.2.4: The President may delegate this authority but remains accountable for its use.

Date / Nature of Change:

June 18, 2003 Added: GP 5.1 bullet : **The President will call for a vote on all seconded motions from the floor.**  
Added GP 5.1 bullet: **The President will assure the Board is clear regarding all decisions made at each meeting.**

January 21, 2004 Revised: *This policy will be monitored by annual report of the President followed by an executive session with the General Manager and without the President in November of each calendar year.*

April 20, 2005 Added GP 5.1 bullet: **The President will assure that all decisions are voted.**  
**Voted to change the monitoring of GP 5 from March to November.**

## **GP 6 – Board Member Nominating Process**

To insure continuation of effective leadership and governance, the Board commits itself to recruiting high quality candidates for open Board positions. Accordingly, the Board will appoint a Nominating Committee, constituted according to the Bylaws. The Nominating Committee will be responsible for the following activities:

**GP 6.1:** Recruit and identify potential candidates for the Board of Directors and when requested by the Board, for other board committees.

**GP 6.1.1:** The Nominating Committee will identify potential candidates who share the following qualifications:

- Candidates will be committed to serve the Co-op and its members.
- Candidates will be actively interested in linking to members and have a preference for long-term, strategic, and conceptual thinking.
- Candidates will be willing to learn and work within the Policy Governance model (which will be explained thoroughly in the Orientation for new board members).
- Candidates will be able to participate thoughtfully and assertively in deliberation, showing full respect for the opinions of others.
- In accordance with the Bylaws, Article VII Section 1, “Only members of the Society may serve on the Board of Directors.” The Board interprets this to mean that a non-member may be proposed for nomination, but he or she must become a member before being considered for candidacy.
- Candidates will have a Social Security card, or have begun the process of obtaining one. This is necessary because the Food Stamp program requires the Co-op to keep on file a copy of every Director’s Social Security card.
- Candidates who have been convicted of a felony will notify the chairman of the Nominating Committee as soon as possible. This disclosure is necessary due to laws governing the Co-op’s state liquor license. The Nominating Committee Chair will need to provide guidance to the candidate so he/she can begin the process of obtaining a state liquor license waiver.
- Candidates must be able to communicate by email.

**GP 6.1.2:** Nominating Committee members will communicate with potential candidates about the nominating process, the election process, the requirements of their service, and encourage potential candidates to attend a board meeting(s) if they have not already done so. The Nominating Committee will make clear to perspective candidates the obligations associated with board membership. Board members serve as unpaid

volunteers who are expected to commit a significant amount of time per month to board activities, which include:

- Preparation for and attendance at monthly board meetings (6-8 hours per month). Meetings take place on the third Wednesday of each month from approximately 5:30 PM – 9:00 PM with dinner provided by the Co-op Catering Department.
- Participation in various working groups (e.g., committee work) during the month (2-3 hours per month);
- Participation in the planning and conduct of the Annual Meeting (a few hours plus the meeting each year);
- Participation in events, such as Dairy Day, Harvest Day, Voting Booth, and ballot counting. (Several hours a few days each year).
- Attend annual Board “Advance” day-long session and other leadership or cooperative development training sessions (from half-day to full day sessions, usually held on weekend);
- Attend the annual CCMA conference one or two times a term (will require long distance travel and being away from home for four days time).

**GP 6.1.3:** Communicate with new candidates the requirements for their personal statements for the Co-op News, and provide them with any necessary support to prepare and submit this information in a timely manner.

**GP 6.1.4:** To insure a competitive election, the board will strive to recruit a sufficient number of applicants to provide for two more candidates than open Board positions. The chair of the Nominating Committee will present a slate of candidates at the February Board meeting, which includes why each candidate is qualified for Board membership, for Board approval.

**GP 6.1.5:** Schedule Board member participation to count ballots and inform candidates of the election results.

**GP 6.1.6:** Connect with new board members before they attend their first board meeting to confirm meeting time, Board materials they will require, forms needing to be filled out, and welcome new board members at the first meeting.

*This policy will be monitored annually (as scheduled) by a report prepared by the Nomination Committee Chair or designated committee member for the second meeting after the Board election.*

Date Enacted / Original policy text: December 20, 2000 as GP 6 Board Member Nominating Process

To insure continuation of effective leadership and governance, the Board commits itself to recruiting high quality candidates for open Board positions. Accordingly,

GP 6.1: The Board will appoint a Nominating Committee, constituted according to the By-laws, that will identify potential candidates who share the following qualifications:

- Candidates will be committed to serve the Co-op and its members.
- Candidates will be actively interested in linking to members.
- Candidates will have a preference for long-term, strategic, and conceptual thinking.
- Candidates will be willing to learn and work within the Policy Governance model (which will be explained in the Orientation for new board members).
- Candidates will be able to participate thoughtfully and assertively in deliberation, showing full respect for the opinions of others.

GP 6.2 The Board will make clear to prospective candidates the obligations associated with Board membership.

Board members serve as unpaid volunteers who are expected to commit a significant amount of time per month to Board activities, which include:

- Preparation for and attendance at monthly Board meetings (5-6 hours per month);
- Participation in various working groups (e.g., committee work) during the month (2-3 hours per month);
- Participation in the planning and conduct of the Annual Meeting (a few hours plus the evening meeting each year);
- Participation in events, such as Dairy Day, Harvest Day, etc. (several hours a few days each year);
- Board annual retreat, possible attendance at the Consumer Cooperative Management Association meeting, etc. (2-3 days per year).

GP 6.3: To insure a competitive election, the Board will strive to recruit a sufficient number of applicants to provide for two more candidates than open Board positions.

*This policy will be reviewed annually by the Board as part of the annual Nomination process.*

Date / Nature of Change:

March 21, 2001. Added bullet point to GP 6.1: **In accordance with the Bylaws, Article VII Section 1, “Only members of the Society may serve on the Board of Directors.” The Board interprets this to mean that a non-members may be proposed for nomination, but he or she must become a member before being considered for candidacy.**

Revised text: *This policy will be monitored annually by direct report of the Nomination Committee to the Board at the time the Committee presents the slate of candidates for Board approval.*

July 18, 2001. Added: to GP 6.1 **The Nominating Committee will be responsible for the following activities, listed sequentially:**

- Recruit and identify potential candidates for both the Board of Directors, as well as for other Board Committees when requested by the Board.**
- Communicate with potential candidates about the nominating process, the election process, and the requirements of their service (see GP 6.3 below). Encourage potential candidates to attend a Board meeting if they have not already done so.**
- Present a slate of candidates, which includes why each candidate is qualified for Board membership, for Board approval.**
- Communicate with new candidates the requirements for their personal statements for the Co-op News, and provide them with support.**
- Serve at the voting booth during election week.**
- Count ballots and inform candidates of the election results.**
- Orient new Board members before they attend their first Board meeting.**
- Welcome new Board members at the first meeting.**

Renumber the rest of the GP 6.1 text as GP 6.2, GP 6.2 as GP 6.3, GP 6.3 as GP 6.4.

Added bullet to GP 6.2 **Candidates must meet the current New Hampshire state and Federal criteria for serving on the Board.**

Added text after GP 6.3 bullet: **Preparation for and attendance at monthly Board meeting (5-6 hours per month). Meetings take place on the third Wednesday of each month from approximately 5:30 p.m. to 9:00 p.m.**

Participation in events, such as Dairy Day, Harvest day, **Voting Booth, and ballot counting** (several hours a few days each year);

August 21, 2002 Added: GP 6.2 bullets:

- Candidates will have a Social Security card, or have begun the process of obtaining one. This is necessary because United States Department of Agriculture Food Stamp program requires the Co-op to keep on file a copy of every Director’s Social Security Card.**

**-It is preferable that the candidate be able to communicate by email.**

Added: **GP 6.5 Orientation**

**In order to keep Policy Governance alive and effective, new Board members must attend an orientation session before attending their first Board meeting. This orientation will be run by the Nominating Committee. Its goals are to assist new Board members in understanding:**

**Policy Governance**

**Our Board policies**

**How the Board works, and**

**How they can contribute to the Board's operation.**

**Orientation materials may include:**

**The Co-op video**

**Policy Governance materials (see Bibliography), and**

**The Board's orientation document (see Appendix).**

April 18, 2007 Deleted existing policy text and approved revised policy text as follows:

To insure continuation of effective leadership and governance, the Board commits itself to recruiting high quality candidates for open Board positions. Accordingly, the Board will appoint a Nominating Committee, constituted according to the Bylaws. The Nominating Committee will be responsible for the following activities:

**GP 6.1:** Recruit and identify potential candidates for the Board of Directors and when requested by the Board, for other board committees.

**GP 6.1.1:** The Nominating Committee will identify potential candidates who share the following qualifications:

-Candidates will be committed to serve the Co-op and its members.

-Candidates will be actively interested in linking to members and have a preference for long-term, strategic, and conceptual thinking.

-Candidates will be willing to learn and work within the Policy Governance model (which will be explained thoroughly in the Orientation for new board members).

-Candidates will be able to participate thoughtfully and assertively in deliberation, showing full respect for the opinions of others.

-In accordance with the Bylaws, Article VII Section 1, "Only members of the Society may serve on the Board of Directors." The Board interprets this to mean that a non-member may be proposed for nomination, but he or she must become a member before being considered for candidacy.

-Candidates will have a Social Security card, or have begun the process of obtaining one. This is necessary because the Food Stamp program requires the Co-op to keep on file a copy of every Director's Social Security card.

-Candidates who have been convicted of a felony will notify the chairman of the Nominating Committee as soon as possible. This disclosure is necessary due to laws governing the Co-op's state liquor license. The Nominating Committee Chair will need to provide guidance to the candidate so he/she can begin the process of obtaining a state liquor license waiver.

-Candidates must be able to communicate by email.

**GP 6.1.2:** Nominating Committee members will communicate with potential candidates about the nominating process, the election process, the requirements of their service, and encourage potential candidates to attend a board meeting(s) if they have not already done so. The Nominating Committee will make clear to perspective candidates the obligations associated with board membership. Board members serve as unpaid volunteers who are expected to commit a significant amount of time per month to board activities, which include:

-Preparation for and attendance at monthly board meetings (6-8 hours per month). Meetings take place on the third Wednesday of each month from approximately 5:30 PM – 9:00 PM with dinner provided by the Co-op Catering Department.

-Participation in various working groups (e.g., committee work) during the month (2-3 hours per month);

-Participation in the planning and conduct of the Annual Meeting (a few hours plus the meeting each year);

-Participation in events, such as Dairy Day, Harvest Day, Voting Booth, and ballot counting (several hours a few days each year);

-Attend annual Board "Advance" day-long session and other leadership or cooperative development training sessions (from half-day to full day sessions, usually held on the weekend);

-Attend the annual CCMA conference one or two times a term (will require long distance travel and being away from home for four days time).

**GP 6.1.3:** Communicate with new candidates that requirements for their personal statements for the Co-op News, and provide them with any necessary support to prepare and submit this information in a timely manner.

**GP 6.1.4:** To insure a competitive election, the board will strive to recruit a sufficient number of applicants to provide for two more candidates than open Board positions. The chair of the Nominating Committee will present a slate of candidates at the February Board meeting, which includes why each candidate is qualified for Board membership, for Board approval.

**GP 6.1.5:** Schedule Board member participation to count ballots and inform candidates of the election results.

**GP 6.1.6:** Connect with new (first time) board members before they attend their first board meeting to confirm meeting time, Board materials they will require, forms needing to be filled out, and welcome new board members at the first meeting.

*This policy will be monitored annually (as scheduled) by a report prepared by the Nomination Committee Chair or designated committee member for the second meeting after the Board election.*

July 15, 2009 Text deletions approved:

**GP 6.1.2** -Participation in the planning and conduct of the Annual Meeting (a few hours plus the [Deleted: evening] meeting each year);

**GP 6.1.6** Connect with new [Deleted: (first name)] Board members...



**GP 7 – Monitoring Board Performance**

The Board will assess and improve its own performance by annual assessment of compliance with Board policies on Board Process and Board-General Manager Relationship.

- GP 7.1:** The Board will monitor Board Process and Board-General Manager Relationship policies annually.
- GP 7.2:** Responsibility for preparing and presenting a brief monitoring report with respect to Board Process and the Board-General Manager relationship will be allocated among all Board members. When applicable, suggestions for improvement will be included in the brief monitoring reports.
- GP 7.3:** Reports will be discussed at Board meetings to determine the voice of the Board and to take relevant action as needed.
- GP 7.4:** The Board will disclose compliance information to the membership.

Date Enacted / Original policy text: [date unknown] as GP 7 Monitoring Board Performance

The monitoring calendar for the Board's performance follows:

January  
 February  
 March  
 April  
 May GP 4 Board Members Code of Conduct  
 June  
 July  
 August  
 September  
 October  
 November  
 December

Date / Nature of Change:

April 16, 2003 Added text: **March: GP 8 HCCF: Annual report of the HCCF Advisory Committee to the Board**  
**GP 8 HCCF: Annual report of the Finance Committee to the Board**

July 16, 2003 Approved the following text:

**The Board will assess and improve its own performance by regular assessment of compliance with Board policies on Board Process and Board-General Manager Relationship.**

**GP 7.1: The Board will maintain a schedule to monitor Board Process and Board-General Manager Relationship policies.**

**GP 7.2: Responsibility for preparing and presenting the brief monitoring reports will rotate among all Board members. When applicable, suggestions for improvement will be included.**

**GP 7.3: Reports will be discussed at Board meetings to determine the voice of the Board and to take relevant action.**

**GP 7.4: The Board will disclose self-evaluation compliance information to the membership annually.**

March 16, 2005 Policy revised:

The Board will assess and improve its own performance by [Delete: regular] **annual** assessment of compliance with Board policies on Board Process and Board-General Manager Relationship.

GP 7.1: The Board will [Deleted: maintain a schedule to] monitor Board Process and Board-General Manager Relationship policies **annually at its March meeting.**

GP 7.2: Responsibility for preparing and presenting [Delete: the] **a brief monitoring report[s] with respect to Board Process and the Board-General Manager relationship** will [Delete: rotate] **be allocated** among all Board members **at the February Board meeting.** When applicable, suggestions for improvement will be included **in the brief monitoring reports.**

GP 7.3: Reports will be discussed at Board meetings to determine the voice of the Board and to take relevant action.

GP 7.4: The Board will disclose self-evaluation compliance information to the membership annually, **at the annual meeting when feasible.**

December 20, 2006 Policy Revised:

GP 7.1: The Board will monitor Board Process and Board-General Manager Relationship policies [Delete: annually at its March meeting] **throughout the year according to the monitoring schedule found in the appendix.**

GP 7.2: Responsibility for preparing and presenting a brief monitoring report with respect to Board Process and the Board-General Manager relationship will be allocated among all Board members. [Delete: at the February Board meeting.] When applicable, suggestions for improvement will be included in the brief monitoring reports.

June 20, 2007 **[Insert revised text here]**

October 21, 2009 Policy Revised:

GP 7.4: The Board will disclose [Deleted: self-evaluation] compliance information to the membership [Deleted: annually].

## **GP 8 – The Hanover Cooperative Community Fund**

**The Hanover Cooperative Community Fund (HCCF)** provides the Co-op with a long-term community giving solution. As a permanently endowed fund intended to grow over time, a portion of its annual return is available to be donated to qualified organizations of the Co-op's choice.

The fund is managed by the Twin Pines Cooperative Foundation (TPCF), a California-based tax-exempt 501(c)3 corporation (see the Appendix for the contract). The Board guides the fund through the GM and the HCCF Trustee Advisory Committee.

**GP 8.1:** The HCCF Trustee Advisory Committee: The HCCF will be managed by a special committee of the Society (Bylaws: Article VII, Section 5, number 9), "The HCCF Trustee Advisory Committee." The Committee will follow the most recent contract made with TPCF.

**GP 8.1.1:** Committee Composition: The HCCF Trustee Advisory committee will serve until the Board of Directors specifies otherwise.

- The Board of Directors shall elect one of the current Directors as a member of the Committee. The Board will also designate a chair of the committee who will serve in such capacity for a term of one year or until his/her successor is duly elected and qualified.
- The Chair of the Committee will select its own members, subject to the approval of the Board of Directors.
- The Committee will have a minimum of four members.
- Names of Society members who may be qualified to serve on the HCCF Trustee Advisory Committee will be provided by the Nominating Committee (Bylaws: Article VIII, Section 6).

**GP 8.1.3:** The HCCF Advisory Committee shall also ensure that the most recent contract with the TPCF is available in the Board of Directors files.

**GP 8.2:** The HCCF Finance Committee report should include:  
Disbursement recommendations, including: (a) organization, (b) amounts, (c) what percentage of the total donation is going to each organization, (d) which Co-op giving priorities the donation meets, (e) a list of organizations that have applied but were denied.  
Cash flow statements.  
Contributions and investments performance.

*This policy will be monitored annually by direct report of the HCCF Trustee Advisory Committee. (See Appendix for monitoring report guidelines.)*

Date Enacted / Original policy text: May 16, 2001 as GP 8 Cooperative Giving Program

The Hanover Consumer Co-op (the Co-op) views its cooperative giving program as an extension of its mission and business philosophy, with particular attention to contributing to the quality of life in the Upper Valley and promoting cooperation. To implement the giving program, the Co-op intends to provide an annual investment in the community of \$20,000, or 10% of net savings, whichever is less, to organizations that meet our qualification criteria. The budget line item, "Giving Program," accounts for this investment. The Co-op will take the necessary steps so that our members and the local community are aware of the program so they might view it as a positive, unique and significant contribution. The "rules" (priorities, requirements, conditions, and acknowledgement policies) for all Co-op giving are outlined first, then the four specific components to the giving program are explained.

#### Giving Program "Rules"

GP 8.1 Priorities: The Co-op will give to cooperative organizations / programs and to organizations / programs based in (or primarily benefiting) Upper Valley communities. As the following list of giving priorities by category indicates, cooperation and health / human services are the Co-op's two major focuses for its giving program:

GP 8.1.1: Cooperation: The Co-op will support organizations and programs dedicated to the principles and spirit of cooperation.

GP 8.1.2: Health / human services: The Co-op will support organizations and programs providing direct services in response to community needs in the Upper Valley (examples include nonprofit agencies providing food, fuel, housing, emergency shelter, counseling and health services, etc., particularly those whose primary clientele consists of disadvantaged individuals and families). ON occasion, the Co-op may also support special education projects related to these concerns, particularly if the programs contribute to solving or alleviating these basic needs.

GP 8.1.3: Other: The Co-op will support organizations and programs whose programs have the following focus:

GP 8.1.3.1: Education / recreation: programs that extend beyond the Co-op's own education programs, such as school events (e.g., alcohol-free graduation parties) or projects (e.g., cooking with ethnic ingredients)

GP 8.1.3.2: Environment: Programs that protect or improve the natural and human environment in the Upper Valley.

GP 8.1.3.3: Culture and arts: Programs that help make the arts and cultural programs more accessible in our region.

GP 8.2 Requirements: Applicant organizations or their purposes must:

GP 8.2.1 Be nonprofit and nonpartisan (i.e., not affiliated with an political party or candidate).

GP 8.2.2 Not discriminate on the basis of race, creed, sex, national origin, age, sexual orientation, or physical disability.

GP 8.2.3 Not be religious sectarians.

GP 8.3 Conditions: The Co-op reserves the right to place restrictions or conditions on all contributions, and particularly those over \$250. In the case of organizations with budgets over \$100,000, the Co-op prefers to contribute to specific projects, and is not likely to provide funds for general operating support, capital drives, building funds, etc.

GP 8.4 Acknowledgement: Wherever appropriate, the Co-op will request public acknowledgement of its contribution (s) (e.g., in the organization's annual report, program materials, etc.) as well as a written acknowledgement of receipt of the contribution.

#### Four Components of the Giving Program

GP 8.5 The Hanover Cooperative Community Foundation (HCCF) is the first component of the Co-op's giving program. The annual community investment goal of the HCCF is \$15,000. The Co-op has a contract with the Twin Pines Cooperative Foundation (TPCF), a California-based tax exempt 501©3 corporation. A copy of the most recent contract is attached to this policy. By creating a permanent endowment fund that grows over time and provides a portion of the annual interest as a donation to qualified organizations of the Co-op's choice, the HCCF provides the Co-op with a long-term community giving solution. In accordance with the contract, all HCCF monies are managed by TPCF. Accordingly,

GP 8.5.1 Special Committee: The HCCF Trustee Advisory Committee: The HCCF will be managed by a special committee of the Society (Bylaws: Article VII Section 5, number 9), "The HCCF Trustee Advisory Committee." The Committee will follow the most recent contract made with TPCF.

GP 8.5.1.1 Committee Composition: The HCCF Trustee Advisory Committee will serve until the Board of Directors specifies otherwise.

The Board of Directors shall elect one of the current Directors as the Chair of the Committee who will serve in such capacity for a term of one year or until his/her successor is duly elected and qualified.

The Chair of the Committee will select its members, subject to the approval of the Board of Directors, under the following guidelines:

The committee will have a minimum of five members, three of whom must be Board members Names of Society members who may be qualified to serve on the HCCF Trustee Advisory

Committee will be provided by the Nominating Committee (Bylaws: Article VIII, Section 8).

GP 8.5.1.2 HCCF donations: The HCCF Trustee Advisory Committee will ensure that half of the HCCF's annual interest (or earnings) is disbursed to qualified organizations in accordance with this policy and the contract as long as the total annual return is at least \$10,000. This means that the total fund will need to be approximately \$200,000 assuming a 5% annual rate of return.

The disbursement screening, recommendation and procedure will follow policies 8.1, 8.2, 8.3, 8.4.

The Committee will present a written annual disbursement recommendation that will also serve as a monitoring report. This recommendation will include: Organizations, Amounts, What percentage of the total donation is going to each organization, Which Co-op giving priorities the donation meets, A list of organizations that have applied but were denied, and a brief explanation as to why they were denied.

GP 8.5.1.3: Member Education and Fundraising: The HCCF Trustee Advisory Committee is responsible for the fundraising and education activities that support the HCCF. These activities include, but are not limited to, the following:

Educate members and the community about the HCCF

Write and publish initial and ongoing articles, including an annual report, in the Co-op's newsletter and web site

Educate store staff

Write press releases

Create literature, including donation forms and thank you cards

Hold fundraising and/or awareness events

Create in-store signage

Integrate into existing events (e.g., Annual meeting, Dairy Day)

Coordinate with the current Patronage Refund program

Escheated shares

Member donation

Members who leave the co-op

GP 8.5.2 Finance Committee: The Finance Committee is responsible for the contract management and fund monitoring activities of the HCCF. This committee will:

Ensure that the most recent contract with TPCF is included in the CO-op Governance Policies handbook.

Ensure the Hanover Co-op has representation on the TPCF's Board of Directors.

Work with TPCF to amend the contract so that it reflects:

Investment policy that fits the Co-op's goals, including the level of return, risk, and management fees.

Indemnification that includes Director and Officer (D & O) insurance for TPCF Directors.

Elimination of specific marketing requirements such as ad pages. This may be replaced by the results TPCF expects from the Co-op.

The Co-op's ability to transfer all contributed funds and accumulated interest or earnings out of TPCF at any time without penalty or repercussions.

Present a written annual report on the status of the fund that will also serve as a monitoring report.

This report will include:

Cash flow statement which includes

Beginning and Ending balance

Expenses

Total contributions for the year (e.g., donations, matching gifts)

Total investment performance: income (loss) for the year (e.g., interest, dividends, capital gains), including the annual rate of return

Historic contributions and investment performance

TPCF's overall fund performance

Number of organizations participating

Total invested

Total growth

Other information the Board should know

Progress on action items from previous year

New action recommendations for the coming year

GP 8.6 Board Giving is the second component of the Co-op's giving program. Until such time the HCCF is able to meeting our annual community investment goal of \$15, 000, the Board of Directors will disburse these funds through the Giving Committee.

GP 8.6.1 Giving Committee composition: The chair of the Giving Committee is elected annually. Committee members choose to join, but likely include at least two other Board members and the Education Director.

GP 8.6.2 Giving Committee duties: The Giving Committee's primary responsibility is to screen and recommend for Board action all requests for contributions of \$250 or more. The disbursement screening, recommendations and procedure will follow policies 8.1, 8.2, 8.3, and 8.4.

The Giving Committee will present a written annual disbursement recommendation that will also serve as a monitoring report. This recommendation will include: Organizations, Amounts, What percentage of the total donation is going to each organization, Which Co-op giving priorities the donation meets, A list of organizations that have applied but were denied, and a brief explanation as to why they were denied.

GP 8.7 Small Donations is the third component of the Co-op's giving program, and no monitoring is necessary. The GM will oversee small donations (requests or contributions of less than \$250).

GP 8.7.1 The annual Budget will be \$5,000.

GP 8.7.2 Policies 8.1, 8.2, 8.3, and 8.4 are met.

GP 8.8 Fundraising space is the fourth component of the Co-op's giving program, and no monitoring is necessary. The GM will oversee the fundraising space, which is usually limited to the lobbies of the Hanover and Lebanon stores. The granting of space will be permitted under the following conditions:

GP 8.8.1 At the discretion of the GM

GP 8.8.2 If the space is available

GP 8.8.3 On a first come, first served basis

GP 8.8.4 Policies 8.1 and 8.2 are met.

*This policy will be monitored annually by three reports:*

- 1) *By direct report of the HCCF Trustee Advisory Committee at the time the Committee presents its annual disbursement recommendation.*
- 2) *By direct report of the Finance Committee at the time the Committee presents its annual status of the fund.*
- 3) *By direct report of the Giving Committee at the time the Committee presents its annual disbursement recommendation.*

Date / Nature of Change:

June 21, 2001 Revised GP 8.8: delete [Fundraising space], add: **Fundraising or consciousness-raising space** delete [The GM will oversee the fundraising space], add: **The GM will oversee the use of Co-op property for these purposes.**

April 16, 2003 Major revision of the policy, with the following results:

Approved revised Ends 1 – Community (see revisions for Ends 1)

Approved revised B-GM 3 – Monitoring GM Performance (see revisions for B-GM 3)

Approved revised GP 7 – Monitoring Board Performance (see revisions for GP 7)

Approved revised, renamed GP 8 policy – The Hanover Cooperative Community Fund

**The Hanover Cooperative Community Fund (HCCF)** provides the Co-op with a long-term community giving solution. As a permanently endowed fund intended to grow over time, a portion of its annual return is available to be donated to qualified organizations of the Co-op's choice.

The fund is managed by the Twin Pines Cooperative Foundation (TPCF), a California-based tax-exempt 501(c)3 corporation (see the Appendix for the contract). The Board guides the fund through an Advisory Committee, the GM, and the Finance Committee.

**GP 8.1: The HCCF Trustee Advisory Committee:** The HCCF will be managed by a special committee of the Society (Bylaws: Article VII, Section 5, number 9), "The HCCF Trustee Advisory Committee." The Committee will follow the most recent contract made with TPCF.

**GP 8.1.1: Committee Composition:** The HCCF Trustee Advisory Committee will serve until the Board of Directors specifies otherwise.

-The Board of Directors shall elect one of the current Directors as a member of the Committee. The Board will also designate a chair of the committee who will serve in such capacity for a term of one year or until his/her successor is duly elected and qualified.

-The Chair of the Committee will select its members, subject to the approval of the Board of Directors.

-The Committee will have a minimum of five members, two of whom must be Board members.

-Names of Society members who may be qualified to serve on the HCCF Trustee Advisory Committee will be provided by the Nominating Committee (Bylaws: Article VIII, Section 8).

**GP 8.1.2: Donations:** The HCCF Trustee Advisory Committee annually will recommend to the Board disbursements in accordance with the Ends policies and the TPCF contract.

**GP 8.1.3: Conditions and Acknowledgement:** The Co-op reserves the right to place restrictions or conditions on all contributions, and particularly those over \$250. In the case of organizations with budgets over \$100,000, the Co-op prefers to contribute to specific projects, and is not likely to provide funds for general operating support, capital drives, building funds, etc.

Wherever appropriate, the Co-op will request public acknowledgement of its contribution as well as a written acknowledgment of receipt of the contribution.

**GP 8.2 Fundraising and Member Education:** The Advisory Committee will:

-Assist the GM in fundraising for the HCCF according to the following targets:

2003: \$5,000

2004: \$6,000

2005: \$7,000

2006: \$8,000

2007 & beyond: \$8,000 +

-Assist the GM in educating members and the community about the HCCF.

**GP 8.3 Finance Committee:** The Finance Committee is responsible for the contract management and fund monitoring activities of the HCCF. This committee will:

GP 8.3.1 Ensure that the most recent contract with TPCF is included in the Co-op Governance Policies handbook.

GP 8.3.2 Ensure the Hanover Co-op has representation on the TPCF's Board of Directors

GP 8.3.3: Work with TPCF to amend the contract so that it reflects:

-Investment policy that fits the Co-op's goals, including the level of return, risk, and management fees

-Indemnification that includes Director and Officer (D & O) insurance for TPCF Directors.

-The Co-op's ability to transfer all contributed funds and accumulated interest or earnings out of TPCF at any time without penalty or repercussions.

*This policy will be monitored annually by three reports:*

*By direct report of the HCCF Trustee Advisory Committee. (See Appendix for monitoring report guidelines.)*

*By internal report of the GM to the Board.*

*By direct report of the Finance Committee. (See Appendix for monitoring report guidelines.)*

October 20, 2004 GP 8.1.3: Delete [and particularly those over \$250.]

Monitoring statement: Delete [By internal report of the GM to the Board.]

April 20, 2005 Voted to revise the GP 8 policy, move it into Executive Limitations policy for the next monitoring year.

June 20, 2007 Revised policy, also added EL 9.3.

The Board guides the fund through [Deleted: an Advisory Committee, the GM, and the Finance Committee] **the GM and the HCCF Trustee Advisory Committee.**

-The Committee will have a minimum of [Delete: five members, two of whom must be Board members] **four members.**

-Names of Society members who may be qualified to serve on the HCCF Trustee Advisory Committee will be provided by the Nominating Committee (Bylaws: Article VIII, Section [8] 6).

**GP 8.1.2: Donations:** The HCCF Trustee Advisory Committee annually will recommend to the Board disbursements in accordance with the Ends policies and the TPCF contract **and in accordance with the Monitoring Report Guidelines as found in the Appendix.**

Deleted: GP 8.1.3, GP 8.2, GP 8.3

Added: **GP 8.1.3 The HCCF Advisory Committee shall also ensure that the most recent contract with the TPCF is included in the Appendix of the Co-op Governance Policies handbook.**

*This policy will be monitored annually by three reports:*

*By direct report of the HCCF Trustee Advisory Committee. (See Appendix for monitoring report guidelines.)*

*[Deleted: By internal report of the GM to the Board.*

*By direct report of the Finance Committee. (See Appendix for monitoring report guidelines.)]*

February 16, 2011 Deleted [GP 8.1.2: Donations: The HCCF Trustee Advisory Committee annually will recommend to the Board disbursements in accordance with the Ends policies and the TPCF contract and in accordance with the Monitoring Report Guidelines as found in the Appendix.]

Revised GP 8.1.3, deleted [included in the Appendix of the Coop Governance Policies handbook.]

Added: **available in the Board of Directors files.**

**GP 8.2: The HCCF Finance Committee report should include:**

**Disbursement recommendations, including: (a) organization, (b) amounts, (c) what percentage of the total donation is going to each organization, (d) which Co-op giving priorities the donation meets, (e) a list of organizations that have applied but were denied.**

**Cash flow statements.**

**Contributions and investments performance.**



## **GP 9 – Working with Neighboring Co-ops**

The Board shall work with our neighboring co-ops to increase Board effectiveness and explore our shared Ends.

*This policy will be monitored annually by report of the Board president.*

Date Enacted / Original policy text: April 21, 2004 as GP 9 – Working with Neighboring Co-ops  
The Board shall work with our neighboring Co-ops to increase Board effectiveness and explore our shared Ends.  
*This policy will be monitored quarterly by joint report of the board presidents.*

Date / Nature of Change:

December 20, 2006 Revised text:

The Board shall work with our neighboring co-ops to increase Board effectiveness and explore our shared Ends.

*This policy will be monitored [Delete: quarterly] **annually** by [Delete: joint] report of the **Board President[s]**.*

**GP 10 – Board Committees**

We will use Board committees to aid, not to replace, the work of the whole Board. Accordingly,

- GP 10.1:** Committees will reinforce and support the wholeness of the Board. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
- GP 10.2:** Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- GP 10.3:** The Board will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

Date Enacted / Original policy text: April 21, 2004 as GP 10 – Board Committees

We will use Board committees to aid, not to replace, the work of the whole Board.

Accordingly,

GP 10.1: Committees will reinforce and support the wholeness of the Board. In particular, committees help the whole board move forward when they research alternatives and bring back options and information.

GP 10.2: Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes.

GP 10.3: The Board will establish, regularly review, and control committee responsibilities in written committee charters. The Board will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

Date / Nature of Change:

February 16, 2011: Deleted **GP 10.3**: [The Board will establish, regularly review, and control committee responsibilities in written committee charters.]

**GP 11 - Joint Board-Level Committee**

As the local cooperative economy grows, it is vital that our cooperative be meaningfully and increasingly committed to the sixth cooperative principle, that of cooperation among cooperatives. This is especially true with respect to any community that we serve directly and that another cooperative grocer also serves.

Accordingly,

The Board will appoint two directors, one being the President/Chair, to serve on a joint governance-level committee of the Hanover Consumer Cooperative Society and the Upper Valley Food Cooperative. The purpose of the committee is to assure that each co-op deploys its resources in a manner that maximizes the greater good of the community served by the two stores.

The committee will

- (1) advance the cooperative principles to the fullest extent allowed by law. The Committee will monitor compliance with L-11 Upper Valley Food Co-op and EL 13 HCCS policies,
- (2) explore shared Ends and ways in which each Cooperative may act to advance the Ends policies of the other,
- (3) promote and assist with creating a collaborative, trusting and mutually beneficial relationship between the two co-ops at both the governance and operational levels.

*This policy will only remain effective so long as the Upper Valley Food Co-op maintains a policy that is substantially identical to this one.*

Date Enacted / Original Policy Text: July 20, 2011 as GP 11 Joint Board-Level Committee

As the local cooperative economy grows, it is vital that our cooperative be meaningfully and increasingly committed to the sixth cooperative principle, that of cooperation among cooperatives. This is especially true with respect to any community that we serve directly and that another cooperative grocer also serves.

Accordingly,

The Board will appoint two directors, one being the President/Chair, to serve on a joint governance-level committee of the Hanover Consumer Cooperative Society and the Upper Valley Food Cooperative. The purpose of the committee is to assure that each co-op deploys its resources in a manner that maximizes the greater good of the community served by the two stores.

The committee will:

- (1) advance the cooperative principles to the fullest extent allowed by law. The Committee will monitor compliance with L-11 Upper Valley Food Co-op and EL 13 HCCS policies,
- (2) explore shared Ends and ways in which each Cooperative may act to advance the Ends policies of the other,
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*This policy will only remain effective so long as the Upper Valley Food Co-op maintains a policy that is substantially identical to this one.*

Date/Nature of Change:

## Appendix 1: Board Tasks / Operations Calendar

<b>January</b>	Final call for Board candidates .....	Nominating Committee
	Assign Annual Meeting planning duties .....	Board
	Call for nominees for Nan King Award in <i>Co-op News</i> and in stores .....	Education Director
<b>February</b>	Finalize slate of Board Candidates .....	Nominating Committee
	Approve slate of Board Candidates at meeting .....	Board
	Approve Auditor's Report at meeting .....	Board
	Designate recipients of HCCF Funds .....	Board
	Details of Annual Meeting to <i>Co-op News</i> editor for March issue .....	Annual Meeting Committee
	Candidate statements and photos to <i>Co-op News</i> editor .....	Nominating Committee
	Survey for ballot backs (if any) to <i>Co-op News</i> editor .....	Board
<b>March</b>	Publish 30-day warning of voting .....	Education Director
	Distribute March <i>Co-op News</i> to all members .....	Education Director
	Allen and Nan King Award Nominations due .....	Education Director
	Choose recipient of Allen and Nan King Award .....	Board
	Board Annual Review of Year due (Annual Report) .....	Board President or designee
	Treasurer's Report due (Annual Report) .....	Board Treasurer or CFO
	Publish Election Issue/Annual Report .....	Education Director
March/April	Distribute Election Issue/Annual Report to arrive at opening of voting period .....	Education Director
	Open voting period .....	Board
<b>April</b>	Annual Meeting within voting period .....	Board
April/May	Close voting period .....	Board
	Count ballots .....	Nominating Committee
	Schedule new Board member orientation before May meeting .....	Nominating Committee
	Announce new Board members .....	Education Director
<b>May</b>	New Board members attend meeting .....	Board
	Choose officers .....	Board
	Distribution of patronage refund .....	Accounting
	Begin drive for contribution of patronage refund to HCCF .....	Education Director
<b>June</b>	Begin work on proposed bylaw changes (if any) .....	Bylaws Committee
	Choose Nominating Committee Chair; suggest committee members .....	Board
<b>July</b>	Convene Nominating Committee .....	Nominating Committee Chair
<b>August</b>	Review/edit Board Candidate handout packet .....	Nominating Committee
<b>September</b>	Call for nominees in <i>Co-op News</i> and on posters in stores .....	Education Director
	Solicit Board input for potential nominees; contact for level of interest .....	Nominating Committee
<b>October</b>	Invite potential candidates to attend Board meeting .....	Nominating Committee
<b>November</b>	Second call for nominees in <i>Co-op News</i> and on posters in stores .....	Education Director
	Invite potential candidates to attend Board meeting .....	Nominating Committee
<b>December</b>	Second Regular Membership Meeting held during prior year?	
	If no, cancel the meeting .....	Board
	Choose date for Annual Meeting and Voting Period .....	Board
	Include survey with ballot? If yes, begin creation of survey questions .....	Board
	Invite potential candidates to attend Board meeting .....	Nominating Committee

## Appendix 2: Monitoring Calendar

Policy Monitoring Schedule	Report Author
<b>May</b>	
EL 2 – Financial Condition and Performance	Terry Appleby
EL 9 – Cooperative Giving Program	Terry Appleby
GP Global – Governance Process Commitment	Board
GP 1 – Governing Style	Board
GP 8 – HCCF	Board
<b>June</b>	
EL 12 – Board Logistical Support	Terry Appleby
B-GM Global – Board-GM Flow of Authority	Board
B-GM 1 – Unity of Control	Board
GP 6 – Board Member Nominating Process	Board
GP 10 – Board Committees	Board
<b>July</b>	
EL 4 – Treatment of Customers	Terry Appleby
EL 5 – Treatment of Staff	Terry Appleby
EL 6 – Compensation and Benefits	Terry Appleby
<b>August</b>	
EL 2 – Financial Condition and Performance	Terry Appleby
EL 3 – Asset Protection	Terry Appleby
<b>September</b>	
EL 7 – Communication and Counsel to the Board	Terry Appleby
B-GM 2 – Accountability of the GM	Board
B-GM 3 – Delegation to the GM	Board
<b>October</b>	
EL 14 - Cooperation with the Upper Valley Food Co-op	Terry Appleby
GP 9 – Working with Neighboring Co-ops	Board
GP 11 - Joint Board-Level Committee	Board
<b>November</b>	
EL 2 – Financial Condition and Performance	Terry Appleby
EL 10 – Appropriate Architecture and Design	Terry Appleby
GP 5 – President’s Role	Board
<b>December</b>	
EL 1 – Planning: proposed budget and business plan	Terry Appleby
<b>January</b>	
EL 11 – Tobacco	Terry Appleby
<b>February</b>	
EL 2 – Financial Condition and Performance	Terry Appleby
<b>March</b>	
Ends Global	Terry Appleby
B-GM 4 – Monitoring GM Performance	Board
<b>April</b>	
GP 2 – Board Deliverables	Board
GP 3 – Governance Development	Board
GP 4 – Board Members Code of Conduct	Board
GP 7 – Monitoring Board Performance	Board

### **Appendix 3: Monitoring Report Guidelines**

1. **Distribution:** Monitoring reports (labeled monitoring, dated, and author identified) are included in the Board's meeting packet. Packets are distributed to all Board members in advance of the meeting. Board members read monitoring reports in advance of meeting.
2. **Read:** Board members read the reports to prepare for Board action, examining the report to determine:
  - a) If the report meets reporting criteria. (See criteria for monitoring reports.)
  - b) If the GM's interpretation is reasonable.
  - c) If the data is adequate to support report's conclusion.
  - d) If the report shows compliance with the Board's policy. (If not in compliance, Board members consider the severity, implications and trends to prepare for discussion at the Board meeting.)
3. **Board Action:** The Board President calls for a motion for Board action for each monitoring report and its conclusions. Options include:
  - a) **Accepted.** The report shows evidence that the GM has operated according to policy.
  - b) **Accepted with acknowledgement of non-compliance.** The report shows non-compliance in one or more provision. The Board finds the General Manager's rationale for the non-compliance understandable and plan for future compliance acceptable. Note: Boards may accept without discussion a monitoring report that indicates non-compliance, as long as directors are satisfied with the reported explanation and corrective action.
  - c) **Accepted with acknowledgement of need to revise policy.** The Board accepts the GM's report but wants to revise policy (either in cases of compliance or non-compliance). The report may show non-compliance in one or more provision for which the GM suggests a policy change. The Board may find the General Manager's rationale for the non-compliance acceptable and therefore, the Board wants to revise policy at a later date. The Policy changes are encouraged but are unrelated to the formal monitoring process. If a director has ideas for changing policy as a result of a monitoring report, separate agenda time can be requested to discuss the policy, or the director can prepare a proposal to update a policy.
  - d) **Accepted with consequences.** The report shows an unreasonable interpretation or noncompliance for which the Board finds that consequences are needed. The Board considers the severity, the implications and the trend and then determines appropriate consequences, using one or more of the following options.

- I. The Board finds the GM's interpretation unreasonable and asks the GM to revise.
  - II. The Board requests additional, follow-up monitoring.
  - III. The Board changes the monitoring schedule.
  - IV. The Board finds the GM's performance needing improvement.
  - V. The Board finds the GM's performance unacceptable.
- e) **Not accepted.** The Board requests additional information or revised report within a specified time. For example: a missing report, an incomplete report, a confusing report, inadequate data to support conclusions, or inadequate information to understand the GM's interpretation.
  - f) **Questions:** Directors are strongly encouraged to ask the General Manager questions about the reports before the meeting or during breaks, to help optimize usage of the full board's time. Questions to help the Board understand the report and/or determine Board action are appropriate for the Board meeting.
4. **Minutes:** The meeting minutes document the Board's receipt of and action regarding monitoring reports. Minutes create a clear paper trail that demonstrates the Boards due diligence in monitoring organizational performance.  
Example: "The Board voted unanimously to accept 'Policy Monitoring Report B6 Asset Protection 6/31/03' prepared by the General Manager and its conclusions."
  5. **Update check sheet.** Monitoring check sheet is updated with new information.
  6. **Comments.** Board determines what (if any) comments should be entered into the annual summary check sheet.

Date Enacted / Original policy text: June 18, 2003 as Appendix 1: Procedure for GM Monitoring Reports

## **Appendix 4: Statement of Cooperative Identity**

The International Cooperative Alliance, established in 1895, is considered to be the final authority for defining cooperatives and the principles by which they operate. The organization has made three formal statements of cooperative principles over the past 100 years in an effort to keep them relevant to the contemporary world. At its 100<sup>th</sup> anniversary meeting in September, 1995 in Manchester, England, the Alliance adopted the following “Statement of Cooperative Identity.”

### **Definition**

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

### **Values**

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

### **Principles**

The cooperative principles are guidelines by which cooperatives put their values into practice.

#### **1. Voluntary and Open Membership**

Cooperatives are voluntary organizations, open to all persons able to use their 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, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner.

#### **3. Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

**4. Autonomy and Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

**5. Education, Training and Information**

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

**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**

Cooperatives work for the sustainable development of their communities, through policies approved by their members.

## Appendix 5: New Director Orientation

### Purpose of the Board

The purpose of the Board is oversight, setting policy and strategic planning (see the Board of Directors Job Description). We help each other out by reminding ourselves that meeting time should not be taken up with discussion of operational issues, which are the purview of the GM and staff.

All Board members represent the entire membership; there is no factional representation. In particular, employee directors do not represent the staff; like other directors, they represent all members.

### Legal Liability

Directors are legally liable. The Co-op carries Directors and Officers (D&O) insurance on the Directors.

Directors hold the organizational assets in trust for the membership, who own the Co-op; they have a fiduciary responsibility.

### The Board Administrator

Genie Braasch

Tel: 603.640.6340 fax: 603.643.1836 email: [gbrasch@coopfoodstore.com](mailto:gbrasch@coopfoodstore.com)

The Board Administrator issues the agenda and the Board packet, takes the minutes, and generally keeps things running.

### Mailbox

The Administrator maintains a mailbox for each Board member. Remember to check it regularly!

### Email

All Board members are expected to have and use email. It is a critical way for us to maintain contact between meetings; to agree on the agenda; and to receive the Board packet.

### Meeting schedules and attendance

Hanover Co-op Community Fund: 1st Monday of each month, 1:30 p.m.

Board: 3rd Wednesday of each month, 5:30 p.m.

- Board members are expected to attend nearly every Board meeting; we limit absences.
- Board members are expected to chair, vice-chair, and serve on one or more committees. New members do not chair committees.
- People are welcome to attend any committee meeting, whether they are on the committee or not.

**Further Reading**

The Governance Policies describe how the Board works; they are continually reviewed and refined. It is important to have read them through and be comfortable looking up specific policies.

It is very important to become familiar with Policy Governance. In the Policies binder there is a bibliography for further reading.

Please do not hesitate to ask any Board member, including the President, for clarification of Policy Governance.

**CCMA**

New Board Members are strongly encouraged to attend the annual Consumer Cooperative Management Association conference, at the Co-op's expense. It is a tremendous way to connect with other co-ops around the country, to understand the broader co-op movement, and to participate in discussion and learning about the issues of the day. An excellent time to attend is after you have been a Director for a year. CCMA takes place in June.

**Board of Directors Meetings****Agenda**

The President puts together the agenda for each meeting. On the first Friday of the month, the Board Administrator e-mails all Board members with a request for agenda items to be sent to the President. Board members respond by the following Wednesday with agenda item requests, who will present the item, a description, an estimate of importance, and a time estimate. The President constructs the agenda, which then appears in the Board packet. The agenda is open to change at the beginning of each meeting.

**Board Packet**

The Board packet contains the agenda, the minutes of the last meeting, the Policy Governance Monitoring Reports and other items needed for the meeting or for general information. It contains all background items for Board discussions; we minimize handouts at the meeting, because there is no time to absorb them.

This packet is a major tool for keeping meetings short and focused: Board members read the items carefully before each meeting. Some items are included to provide a common basis for discussion; otherwise we do not review the contents except to ask and answer questions.

As with the agenda, the Board Administrator e-mails us requesting items for the Board packet on the first Friday of the month. We send electronic documents if at all possible by the following Thursday. The final packet is emailed to the Board on the Friday before the Board meeting. It is sent as a single PDF file; normally, each person prints it out. If that is difficult some month, ask the Board Administrator for a paper copy.

**A typical Agenda includes:  
Introductions**

**Agenda review**; make changes as necessary

**Action items** follow-up

**Dinner**

The meeting includes a dinner catered by the Prepared Foods Department.

**The Consent agenda**

Contains the minutes and the Policy Governance monitoring reports, which we have all read in advance. We accept short questions, then approve everything in one vote (the "consent"). If an item needs discussion, we move it from the Consent agenda into the main meeting agenda.

**Policy issues**

Discussion and determination of policies that govern the organization.

**Member Linkage issues**

Issues around understanding and communicating with our members.

**Board Process**

Issues relating to the way the Board does its work.

**Wrap up**

Anything to Communicate to Members? (this reminds us of our communication responsibility)

Anything to find out from Members? (this helps us record questions)

Next month's agenda

Action Items (we ensure that each action item is recorded).

Monitoring Reports Due Next Meeting (this notifies us of upcoming reports).

Meeting Assessment (we strive to continuously improve our meetings).

**Executive session**

Executive session is needed when issues come up which involve personnel or real estate transactions, or otherwise require confidentiality. Staff Directors attend unless there is a specific reason not to. Management Team members attend at the discretion of the Board.

**Minutes of the meetings**

The minutes are an official record of the meetings. They are also posted on the Co-op's web site. In view of this, we review the last meeting's minutes before each meeting, e-mail the Board Administrator any significant corrections, then during the meeting we correct them and approve the corrected minutes by vote.



## **Appendix 6: Bylaws**

(Official printed copy enclosed in this notebook).



## Appendix 7: Style Guide for this document

This is a structured document. The levels of headings are important to make the Table of Contents work (it shows the first two levels, Headings 1 & 2).

Use the saved styles as follows:

- Heading 1 – Global policy titles (“EL Global – Executive Constraint”), titles of introduction and appendix
- Heading 2 – Individual policy titles (“EL 1 – Treatment of Customers”)
- Heading 3 – Next level down where needed (but not sub-policies like “EL 1.1”)
- Heading 4 – Further level down where needed
- Body Text – All policy body, including numbers (“EL 1.1” and deeper)
- Body Emphasized – Approval/Amendment dates (“Approved 1/1/02”) and monitoring statements
- Footnote text – archival documentation of policy changes; **additions in bold**, [deletions bracketed]
- Header – text in the headers
- Footer – text in the footers
- The typeface for text is Times New Roman; the typeface for headings, headers, footers is Futura Medium

### Updates

- When a change is made that will affect the Table of Contents, update it by selecting it, right-clicking, and selecting “Update Field.”

### Naming

- Use “Co-op” as the name.
- “Board” is capitalized except when used as an adjective.
- Use “GM” for the General Manager.

### Usage

- Use the serial comma. In a sentence with a list of three or more items, use a comma just before the “and” or “or”. In the following example, it’s the comma after “lunch”:  
“The GM will not fail to walk to work, bring lunch, and arrive on time.”



## **Appendix 8: Discontinued Policies**

### **EL 7 – Emergency Management Succession** *[a discontinued policy]*

In the case of planned or emergency absence of the General Manager, the management team will be in charge. Therefore,

**EL 7.1:** The GM should not fail to ensure that the management team is trained and fully appraised of factors affecting the Society.

*This policy will be monitored annually by Board member interviews with individuals of the management team.*

Date Enacted: July 19, 2000

Date / Nature of Change:

July 16, 2003. Changed: *This policy will be monitored annually in June by management report.*

Voted to monitor EL 7 in June, not July.

Date Discontinued: January 19, 2006

**EL 8 – Access to Products** *[a discontinued policy]*

It is not possible for the Co-op to take a position on any boycott that will reflect the views of all the Co-op's members. It is the Co-op's policy to provide, where possible, reliable information to support informed choice. Accordingly,

The GM shall not exclude products on the basis of a boycott.

*This policy will be monitored annually by internal report of the GM to the Board.*

Date Enacted / Original policy text: March 19, 2003 as EL 11 Access to Products

It is not possible for the Co-op to take a position on any boycott that will reflect the views of all the Co-op's members. It is the Co-op's policy to provide, where possible, reliable information to support informed choice. Accordingly,

The GM shall not exclude products on the basis of a boycott.

*This policy will be monitored annually by internal report of the GM to the Board.*

Date / Nature of Change:

January 19, 2006. Changed title from EL 11 to EL 8.

Date Discontinued: September 16, 2009

**EL 9 – Access to Information** [*a discontinued policy*]

The data, information systems, and collective technology knowledge of the organization will be of critical strategic value in serving members. With respect to operating the Co-op in a sound and prudent manner, the General Manager will not fail to insure timely access to appropriate information by the management team and staff.

Accordingly,

EL 9.1: The General Manager shall not fail to provide planning for the short and long term information systems requirements of the organization.

EL 9.1.1: The General Manager shall not fail to provide a strategic plan for the future information systems requirements of the organization.

EL 9.1.2: The General Manager shall not fail to educate the organization about industry best practices.

EL 9.2: The General Manager shall not fail to provide adequate tools, training and support for the appropriate information needs of the management team and staff using priorities consistent with the overall goals of the organization.

EL 9.3: The General Manager shall not fail to ensure on-going system maintenance for a reasonable level of data availability.

EL 9.4: The General Manager shall not fail to ensure adequate cross training of the management team and staff to avoid critical dependency on any one person regarding information systems.

*This policy will be monitored annually in August by internal report of the GM to the Board.*

Date Enacted / Original policy text: January 17, 2001 as EL 9 Access To Information

The data, information systems, and collective technology knowledge of the organization are of critical strategic value in serving members. With respect to operating the Co-op in a sound and prudent manner, the General Manager will not fail to insure timely access to appropriate information by the management team and staff.

Accordingly,

EL 9.1: The General Manager shall not fail to provide strategic planning for the on-going and future information systems requirements of the organization.

EL 9.2: The General Manager shall not fail to educate the organization on industry best practices, including the costs and benefits of potential information systems capabilities.

EL 9.3: The General Manager shall not fail to provide sufficient information tools and resources for the management team and staff to exceed the basic requirements of their jobs.

EL 9.4: The General Manager shall not fail to provide training designed to develop suitable self-sufficiency of the management team and staff regarding information systems.

EL 9.5: The General Manager shall not fail to provide adequate and timely support for the appropriate information systems request of the management team and staff.

EL 9.6: The General Manager shall not fail to ensure on-going system maintenance for a reasonable level of data availability.

EL 9.7: The General Manager shall not fail to ensure adequate cross training of the management team and staff to avoid critical dependency on any one person regarding information systems.

*This policy will be monitored annually in August by internal report of the GM to the Board.*

Date / Nature of Change:

December 19, 2001 Revised text: The data, information systems, and collective technology knowledge of the organization **will be** of critical strategic value in serving members.

EL 9.1: The General Manager shall not fail to provide [Deleted: strategic] planning for the on-going and future information systems requirements of the organization.

EL 9.2 renumbered as EL 9.1.2: The General Manager shall not fail to educate the organization [Deleted: on] **about** industry best practices. [Deleted: , including the costs and benefits of potential information systems capabilities.]

EL 9.3 renumbered as EL 9.2: The General Manager shall not fail to provide [Deleted: sufficient information] **adequate** tools, **training** and [Deleted: resources] **support for the appropriate information needs of the** management team and staff [Deleted: to exceed the basic requirements of their jobs] **using priorities consistent with the overall goals of the organization.**

[Deleted: EL 9.4: The General Manager shall not fail to provide training designed to develop suitable self-sufficiency of the management team and staff regarding information systems.]

[Deleted: EL 9.5: The General Manager shall not fail to provide adequate and timely support for the appropriate information systems request of the management team and staff.]

EL 9.6 renumbered as EL 9.3: The General Manager shall not fail to ensure on-going system maintenance for a reasonable level of data availability.

EL 9.7 renumbered as EL 9.4: The General Manager shall not fail to ensure adequate cross training of the management team and staff to avoid critical dependency on any one person regarding information systems.

January 19, 2005: Deleted EL 9.1.1 and EL 9.1.2

Date Discontinued: January 19, 2006

**EL 10 – Capability Development** [*a discontinued policy*]

The Co-op must constantly prepare to meet the challenges of the future. The General Manager will not fail to develop those capabilities which will most reward investment. Accordingly,

**EL 10.1:** The General Manager shall not fail to develop the Co-op’s capability for market research. Market research is defined to

- include qualitative and quantitative techniques,
- apply across all business and locations, including potential businesses under serious consideration, and
- yield information about members, non-members, shoppers and non-shoppers.

The required level of market research is that which allows the Board and Management Team, to a useful degree, to:

EL 10.1.1: Determine why people become members, stay members, and give up membership.

*Example: what is the reason for the decline in membership growth rate?*

*Example: Why do some people in our main demographic not become members?*

*Example: What groups do not experience our benefits as compelling?*

EL 10.1.2: Understand the major parts of member and shopper purchasing behavior for products and services, both at the Co-op and at our competitors.

*Example: Why do some members do most but not all of their shopping at the Co-op?*

EL 10.1.3: Carry out competitive analysis.

*Example: What effect would a Hannaford’s have on us? How to respond?*

EL 10.1.4: Understand the benefits and value members feel they receive.

*Example: Which benefits deliver the greatest value to members at the least cost?*

*Example: Which benefit areas should we seek to introduce more benefits in?*

EL 10.1.5: Understand market opportunities with respect to member benefit, competitive position, and Net Savings and ROI.

*Example: Would a pharmacy yield significant benefits to our current members?*

**EL 10.2:** The General manager shall not fail to develop the co-op’s capability in

- Business training and business structures, and
- Leadership among the GM, the Management Team, and the Department Managers.

**EL 10.3:** The General Manager shall not fail to develop the Co-op’s capability to:

- Capitalize the business,
- Increase membership, and
- Improve financial ability.
- 

*This policy will be monitored annually in September by internal report of the General manager to the Board. Each year, the Board will evaluate this policy and revise it to focus on the top priorities.*

Date Enacted / Original policy text: January 17, 2001 as EL 10 Capability Development

The Co-op must constantly prepare to meet the challenges of the future. The General Manager will not fail to develop those capabilities which will most reward investment. Accordingly,

**EL 10.1:** The General Manager shall not fail to develop the Co-op's capability for market research. Market research is defined to

-include qualitative and quantitative techniques,

-apply across all business and locations, including potential businesses under serious consideration, and

-yield information about members, non-members, shoppers and non-shoppers.

The required level of market research is that which allows the Board and Management Team, to a useful degree, to:

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*Example: What effect would a Hannaford's have on us? How to respond?*

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*Example: Which benefits deliver the greatest value to members at the least cost?*

*Example: Which benefit areas should we seek to introduce more benefits in?*

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*Example: Would a pharmacy yield significant benefits to our current members?*

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-Leadership among the GM, the Management Team, and the Department Managers.

**EL 10.3:** The General Manager shall not fail to develop the Co-op's capability to:

-Capitalize the business,

-Increase membership, and

-Improve financial ability.

*This policy will be monitored annually in September by internal report of the General manager to the Board.*

*Each year, the Board will evaluate this policy and revise it to focus on the top priorities.*

Date Discontinued: January 19, 2006

**EL 13 – Developing a Cooperative Economy** *[a discontinued policy]*

Management shall not fail to work to create an interdependent cooperative economy with our neighboring co-ops for our mutual benefit.

*This policy will be monitored quarterly by joint report of the general managers.*

Date Enacted / Original policy text: April 21, 2004 as EL 13 Developing a Cooperative Economy  
Management shall not fail to work to create an interdependent cooperative economy with our  
neighboring co-ops for our mutual benefit.  
*This policy will be monitored quarterly by joint report of the general managers.*

Date / Nature of Change:

January 19, 2006. Changed title from EL 13 to EL 10.

Date Discontinued: April 19, 2006

**B-GM 5 – The Board Administrator** *[a discontinued policy]*

To provide the administrative and logistical support necessary for effective governance, the Board and the GM will jointly hire and supervise a Board Administrator who will be responsible for meeting the reasonable needs of the Board. Accordingly,

- B-GM 5.1:** The Board will develop a job description to set forth its specific expectations of the Board Administrator. The job description will appear as an Appendix to these policies.
- B-GM 5.2:** The President and the GM shall have day-to-day responsibility for supervising the Board Administrator.
- B-GM 5.3:** The Board Administrator will be an employee of the cooperative and her or his employment and supervision shall be consistent with the personnel policies applicable to all other employees of the cooperative.
- B-GM 5.4:** Annually in July, the GM shall prepare a draft written evaluation of the Board Administrator, which shall be finalized after review and approval of the President and the Secretary.

The Board Administrator Job Description can be found in Appendix 8.

Date Enacted / Original policy text: August 15, 2007

To provide the administrative and logistical support necessary for effective governance, the Board and the GM will jointly hire and supervise a Board Administrator who will be responsible for meeting the reasonable needs of the Board. Accordingly,

B-GM 5.1: The Board will develop a job description to set forth its specific expectations of the Board Administrator. The job description will appear as an Appendix to these policies.

B-GM 5.2: The Secretary and the GM shall have day-to-day responsibility for supervising the Board Administrator.

B-GM 5.3: The Board Administrator will be an employee of the cooperative and her or his employment and supervision shall be consistent with the personnel policies applicable to all other employees of the cooperative.

B-GM 5.3.1: If it is not inconsistent with the Board Administrator's responsibilities as set forth in the job description, the General Manager may assign other, unrelated duties to the Board Administrator.

B-GM 5.4: Annually in July, the GM shall prepare a draft written evaluation of the Board Administrator, which shall be finalized after review and approval of the President and the Secretary.

The Board Administrator Job Description can be found in Appendix 8.

Date / Nature of Change:

June 18, 2008. B-GM 5.2 and Appendix 8: modified the wording to “The **President** and GM shall have day-to-day responsibility for supervising the Board Administrator.” not “The **Secretary** and GM...”

B-GM 5.4 modified to read: “Annually in **July**” not “Annually in **June**”

Date Discontinued: October 15, 2008. Replaced by EL 12 Board Logistical Support.

**Board Administrator Job Description** *[a discontinued appendix]*

The Board Administrator is responsible for providing the Board of Directors with the full measure of support necessary to be an effective governing body of one of the nation's largest retail food cooperatives. It is considered a position of high trust and sensitivity, inasmuch as the Board Administrator will, at times, be receiving and working with information that is highly confidential.

Specific tasks assigned to the Board Administrator are:

Attending all Board meetings, taking complete notes of the meetings and, using equipment provided by the Co-op, creating a complete and audible tape recording of the meetings.

Using the notes and tape recordings, preparing draft minutes of each meeting within seven days of the meeting and submitting them to the Board President and Board Secretary for their review.

Amending the draft minutes as directed by the President and Secretary and preparing a new draft of the minutes for inclusion in the monthly Board Packet.

Maintaining a Board calendar, designed to keep Board members apprised of all pending deadlines, events held by or at the Co-op, or events in the greater cooperative community.

Maintaining a list of Action Items, by checking with the President at the conclusion of each meeting for tasks assigned or noted during the meeting.

Preparing the Monthly Board packet for circulation to the Board via email no later than 5:00 p.m. on the Friday preceding the Wednesday of the meeting. The Board packet is a .pdf document that includes the Agenda, Board Calendar, the Draft Minutes and such materials as are provided to the Board Administrator at least one week prior to the Board meeting.

Providing assistance and logistical support to the President and Secretary, including reminders about pending deadlines, as requested.

Maintaining a fully updated Policy Register, which is a notebook containing all of the written Ends, Executive Limitation, Governance Process, and Board-General manager policies that the Board employs, according to the Policy Governance model, to discharge its responsibilities.

Providing each Board member with an updated copy of any newly adopted or revised policy for inclusion in the Board Member's personal copy of the Policy Register.

Maintaining, in coordination with the Co-op's web master, a fully updated Board page on the Co-op's web site. "Fully updated" includes the most recent minutes approved by the

Board, a fully updated version of the Policy Register and any other materials directed to be placed there by the Board.

In consultation with the President and the Chair of the Nominating Committee, maintaining appropriate orientation and background materials for distribution to prospective Board candidates and newly elected Board members.

Maintaining and submitting to the Secretary and the [whoever handles this at the Co-op] an accurate record of hours worked on a [monthly? Biweekly? Weekly?] basis.

The Board Administrator reports jointly to the President of the Board of Directors and the General Manager or her/his designee.

Date Enacted: August 15, 2007

Date / Nature of Change:

June 18, 2008. Modified to “The President [not Secretary] and GM shall have day-to-day responsibility for supervising the Board Administrator.

Date Discontinued: October 15, 2008

**Hanover Cooperative Community Fund Monitoring Report Guidelines***[a discontinued appendix]***GP 8: HCCF Advisory Committee Report**

The monitoring report should present the disbursement recommendations, including:

- Organizations
- Amounts
- What percentage of the total donation is going to each organization
- Which Co-op giving priorities the donation meets
- A list of organizations that have applied but were denied, and a brief explanation as to why they were denied

**GP 8: HCCF Finance Committee Report**

The monitoring report should include:

1. A cash flow statement, including
  - Beginning and ending balance
  - Expenses
  - Total contributions for the year (e.g. donations, matching gifts)
  - Total investment performance: income (loss) for the year ( e.g. interest, dividends, capital gains), including the annual rate of return
2. The historical contributions and investment performance
3. The TPCF's overall fund performance
  - Number of organizations participating
  - Total invested
  - Total growth
  - Other information the Board should know
4. Progress on action items from previous year
5. New action item recommendations for the coming year

Date Enacted: April 16, 2003  
Date Discontinued: February 16, 2011

**Hanover Cooperative Community Fund Contract** *[a discontinued appendix]*

Co-op Name: Hanover Consumer Co-op

Address: 45 South Park Street  
Hanover, NH 03755

Telephone: 603-643-2725 Fax: 603-643-0686

Contact Name: Margaret Drye  
E-mail: mdrye@madscape.com  
Web page: Coopfoodstore.coop

Co-op Initial donation amount: \$5,000

Hanover Consumer (Co-op sponsor) will establish our own local Cooperative Community Fund as a separate fund administered within Twin Pines Cooperative Foundation (TPCF). This fund will be titled:

**Hanover Cooperative Community Fund**

TPCF will match up to a maximum of \$5,000 dollar for dollar to the fund for non-California Funds and \$10,000 for California Funds. The TPCF match is only available through December 31, 2000 for non-California Co-ops and December 31, 2001 for California Co-ops.

Hanover Consumer Co-op agrees to commit at least \$10,000 of our own co-op funds within the next five years to our Cooperative Community Fund.

We agree to commit to a goal of building our Cooperative Community Fund to a minimum of \$50,000 at the end of the first five years.

Hanover Consumer Co-op agrees to develop a local Trustee Advisory Committee. This group will have the responsibility of looking at the ways to increase donations and conduct fundraising from the local cooperative and the local community. In addition, the Trustees would advise the Board of Directors of TPCF.

We would like TPCF to disburse the donations based upon documentation from us. Preferably on an annual basis, but no more than quarterly we will provide, in writing, information to TPCF as to whom we recommend donations from our fund go to (including names, address and amounts of money to be donated.) TPCF will send checks to these recipients within one week of receiving information from the co-op.

**By signing this agreement, we agree to the following Program details:**

- Each sponsor Co-op will establish their Cooperative Community Fund as a separate fund administered within TPCF.
- TPCF has set aside \$125,000 of our resources to develop a matching fund program to support this initiative. \$100,000 will target co-ops in California and \$25,000 to match Sponsor Co-ops outside of California. This money would be available until December 31, 2001.
- TPCF commits to matching on a dollar for dollar basis every dollar contributed to the fund by the Sponsor Co-ops. The maximum amount contributed to each AC member co-op Community Fund would be \$10,000. The maximum amount contributed to other co-op participants would be \$5,000.
- Each participating AC Member Co-op would commit at least \$10,000 to their Cooperative Community Fund to also match the contributions of their members. Smaller AC co-ops would be allowed to start with a commitment of \$1,000. The co-op can take up to 5 years to reach the match. Each AC Member Co-op would commit to a goal of building the Cooperative Community Fund to a minimum of \$50,000 at the end of the first five years.
- Each Cooperative will nominate a person to sit on the CCF Advisory Committee to Twin Pines. Twin Pines will host two meetings per year for this group, either through teleconference or meetings at CCMA.
- Fiscal year end is October 31. Whatever funds are in the account by this date, times interest money earned is what is credited to the sponsor coop's account for the following year. Prior to January 1<sup>st</sup> each year, TPCF will provide written notification to Sponsor Co-op about the funds available for each year.
- TPCF will provide marketing materials that can be tailored for use by the individual co-ops in their local community. The sponsor co-op is responsible for the reproduction costs. We also understand that we will need to provide staff and marketing of our own to make our fund grow.
- Each sponsor co-op provides a quarter page ad and editorial space in its newsletter to highlight the activities of the local sponsor co-op's CCF activities. Twice a year, TPCF is permitted to provide copy for the ad space that highlights the national work of the CCF's and TPCF. On its part, TPCF will develop a WEB page for the CCF program with a section for each Sponsor Co-ops.

**TPCF Fund Investment Policy:**

All funds will be invested in Certificates of Deposit until the overall fund balance reaches \$500,000. A lower cap amount may be decided upon by the Advisory Committee and suggested to the Twin Pines Board.

Once the overall funds reach this specified balance, we will offer two different investment programs. One will continue to be the fixed income Certificate of Deposit

program, now called the “Fixed Income Program,” the other a fund that may invest in other options, now called the “Investment Fund Program.”

A third party fund manager will be chosen to manage the Investment Funds Program. Any costs associated with the management of this fund will be deducted from the investment fund.

In the Fixed Income Program, TPCF will invest money in Certificate of Deposits in Credit Unions, local banks, NCB Savings and other insured financial institutions. The Twin Pines Cooperative Foundation will be in a position to invest in Jumbo CD’s to gain the highest interest rates available. We anticipate that jumbo yields earned by TPCF for the overall funds would be up to 1% higher.

Any changes in the existing investment policy would need a 2/3-majority vote by both the TPCF board and the Advisory Committee. Once the funds are split, a new voting policy will be adopted.

Twin Pines Cooperative Foundation would also be in a position to develop a program to raise funds from other foundations, donors and the natural foods industry. As a result, fundraising expenses would be lower as they would be spread among the funds. On the other hand, income from fundraising would be spread proportionately among the funds, allowing the funders and contributors to know that their name would be seen in a number of localities and among the 100,000 families who shop at the participating Sponsor Co-ops.

**Administrative Fees:**

Twin Pines has agreed to staff the complete non profit activity of the Cooperative Community Fund program, the accounting and reporting, the bank accounts and co-ordination among the local efforts.

The check stub or receipt issued locally shall be used by the individual for their tax deduction. However, when requested, TPCF will provide confirmation of eligible donations. The Twin Pines Executive Director will be available to answer questions and guide each of the local co-ops in their process. Twin Pines will generate printed materials, regular newsletter stories and leaflet copy to be modified by the local co-op. None of this work will have to be done by the local co-op. To achieve brand recognition all Sponsor Co-ops agree to call their program \_\_\_\_\_ Cooperative Community Fund (you choose your own first name), use the same CCF logo and presentation materials.

Each Sponsor Co-op will choose at what level of activity they wish to have their staff support development of the local Cooperative Community Fund. We see much of the work being rote after the set up of the systems. For example if the co-op adopts a change in the paperwork of the share withdrawal form it then becomes a bookkeeping transaction. If the co-op conducts a Quarterly Community Roundup then that it does that at the cash register. We have designed the program to build upon existing co-op

activities that provide a simple mechanism for the customer/member to make the contribution.

**To recover a portion of its costs and overhead, Twin Pines Cooperative Foundation would receive an annual sum as follows:**

- Cooperative Community Fund Sponsors: ½ of 1% for Sponsor Fund levels below \$50,000, 1% for Sponsor Fund levels about \$50,000.
- In either case, the first year of participation is free. No fee will be assessed until the second time the fund passes October 31.
- Twin Pines will document on our financial statements those costs directly associated to CCF program.
- Twin Pines will carry Directors & Officers Liability insurance throughout the life of this program.

**Fund Community Donations:**

From the annual net income of each of the local funds donations should generally be made proportionally in the following four categories of activity:

Category	Examples of Donations
Environment	Environmental projects/Recycling/Alternative Transportation
Community	Health Care/Social Service/Service Groups/Community Events
Food & Hunger	Alternative Agriculture/Organic Farming/Food Banks
Cooperatives	Co-op organizations/Co-op Development/Co-op Funds/Co-op Education

In the Co-op category, the Sponsor Co-ops could assign all or part of the interest from its co-op category to the establishment and funding of a local Cooperative Development Fund.

Funds could only be disbursed to groups, which are tax exempt 501(c)3 organizations or meeting eligible social welfare objectives. To uphold TPCF’s tax status, funds cannot be provided to groups engaged in political, lobbying or ineligible activities.

**TPCF sponsorship of other eligible non-profit programs:**

TPCF would be willing to adopt/sponsor other programs your co-op may be interested in setting up through a 501(c)3 organization. The fees and nature of other projects will be arrived at on an individual basis.

**Transfer and separation issues:**

A co-op sponsor can request to terminate their program with Twin Pines as long as the following parameter are met:

- The transfer of funds would have to be to another 501(c)3 entity (which agrees to continue CCF program) and pass all legal requirements by the IRS non-profit tax codes.

- Twin Pines would deduct 1% of the co-ops total fund balance for each year of participation for administration costs that Twin Pines subsidized throughout the life of the program.
- Twin Pines would deduct any contribution it made to the funds and/or any contributions it secured through third party entities. This deduction would be for principal only – not interest earned on these funds.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

Date Discontinued: February 16, 2011

## **Co-op Mission Statement and Business Philosophy** *[a discontinued appendix]*

### **The Co-op's mission is to:**

- Provide the Upper Valley's best selection of high-quality goods and services at fair prices.
- Deliver outstanding customer service through a friendly, knowledgeable staff.
- Serve our community as a responsible corporate citizen and a trustworthy resource on nutrition, consumer, and environmental issues.
- Promote the cooperative principles and spirit.

### **The Co-op's Business Philosophy is to:**

- Manage the business as a cooperative enterprise involving members, employees, and the communities it serves;
- Commit itself to honest pricing, high ethical standards, and sound financial management;
- Provide equal opportunity, fair compensation, and a safe, supportive work environment;
- Practice corporate good citizenship and participate in community affairs;
- Promote cooperation within the Co-op and join with others to support cooperation worldwide.

Date Enacted: March 17, 1999  
Date Discontinued: February 17, 2011