

Policy Register

Monadnock Community Market Co-op

First Adopted April 29, 2011

Last Revisions Adopted July 18, 2022

*Note: Numbering and lettering within policies are meant for identification and are not necessarily reflective of hierarchical importance.

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Policy Type: Ends

Policy Title: A – Global End

Last Revised: February 11, 2012

Monadnock Community Market exists to meet our community's need for:

1. An accessible, community owned downtown food market
2. A marketplace that welcomes and connects community
3. A healthy, sustainable food system
4. The support of local farmers and producers
5. Appropriate education and training for the community
6. A strong, sustainable and improving local economy

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: July 18, 2022

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

Policy Type: Executive Limitations
Policy Title: B1 – Financial Condition and Activities
Last revised: July 18, 2022

With respect to the actual, ongoing financial conditions and activities, the General Manager must not cause or allow the Co-op to be unprepared for future opportunities, the development of fiscal jeopardy, or key operational indicators to be below average for our industry.

The GM must not:

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate EBITDAP (earnings before interest, taxes, depreciation, amortization, and patronage rebates) and net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in member-ownership and member-owner paid-in equity to be insufficient.
6. Default on any terms that are part of the Co-op's financial obligations.
7. Allow late payment of contracts, payroll, loans, or other financial obligations.
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Acquire, encumber, or dispose of real estate or enter into long-term real estate leases.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Allow financial record keeping systems and financial controls to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

Policy Type: Executive Limitations

Policy Title: B2 – Business Planning and Financial Budgeting

Last revised: July 18, 2022

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

The GM must not:

1. Create plans or budgets that:

a. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”

b. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and debt service.

c. Omit planning assumptions.

d. Do not address excellence in business systems and operations.

e. Have not been tested for feasibility.

2. Provide less for Board prerogatives during the year than is set forth in the Board budget.

Policy Type: Executive Limitations
Policy Title: B3 – Asset Protection
Last revised: July 18, 2022

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

The GM must not:

1. Allow equipment and facilities to be inadequately insured or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property.
5. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
 - a. Allow improper usage of member-owners' and customers' personal information.
6. Allow purchasing that is uncontrolled or subject to conflicts of interest.
7. Allow lack of due diligence in contracts.
8. Allow damage to the Co-op's public image.
 - a. Operate without a crisis communication plan that includes protocols for the Board.

Policy Type: Executive Limitations
Policy Title: B4 – Member-ownership
Last Revised: July 18, 2022

The General Manager must not allow member-owners to be without opportunities for meaningful participation.

The GM must not:

1. Allow member-owners to be uninformed or misinformed of their rights, benefits, and responsibilities.
2. Allow any individual to become a member-owner if they do not meet the eligibility requirements described in our bylaws and if they do not either pay the required \$200 equity or begin an equity payment plan.
3. Create or implement a member-owner equity system without the following qualities:
 - a. The required member-owner equity or fair share is determined by the Board.
 - b. Member-owners are informed that equity investments are at risk. While they are generally refundable, the Board retains the right to withhold refunds when necessary to protect the Co-op's financial viability.
 - c. Equity will not be refunded if such refunds would lead to a net decrease in total member-owner paid-in equity or would risk, cause, or exacerbate non-compliance with any Financial Condition policy.
4. Implement a patronage dividend system that does not:
 - a. Comply with IRS regulations.
 - b. Allow the Board to examine a range of options and implications, so the Board can make a timely determination each year concerning how much, if any, of the Co-op's net profit will be allocated and distributed to member-owners.

Policy Type: Executive Limitations
Policy Title: B5 – Customer Experience
Last Revised: July 18, 2022

The General Manager will not be unresponsive to customer needs.

The GM must not:

1. Allow a customer experience that is not welcoming and inclusive.
2. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
3. 2. Allow an unsafe shopping experience for our customers.
4. Operate without written policies for handling of customer misconduct that include an appropriate range of responses dependent upon the type of misconduct.

Policy Type: Executive Limitations
Policy Title: B6 - Staff Experience and Compensation
Last revised: July 18, 2022

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

The GM must not:

1. Cause or allow inequitable treatment of applicants and staff in regard to race, sex, sexual orientation, gender identity and expression, body type, primary language, cultural fit, ability, national origin, family status, or other factors unrelated to job qualifications and job performance.
2. Operate without policies and practices that attract and retain staff who reflect the diversity of our community.
3. Operate without written personnel policies that:
 - a. Clarify rules for staff.
 - b. Provide for fair and thorough handling of workplace conflicts. The Board will not be included as a participant in the conflict resolution process.
 - c. Are accessible to all staff.
 - d. Inform staff that employment is neither permanent nor guaranteed.
 - e. Support staff in reporting unethical or illegal behavior.
 - f. Are consistently applied.
4. Discourage or prevent any staff member from reporting unethical or illegal activity to the Board or discriminate or retaliate against any staff for reporting unethical or illegal behavior or activity.
5. Provide for inadequate documentation, security, and retention of personnel records and all personnel related decisions.
6. Establish compensation and benefits that are internally or externally inequitable.
7. Change the GM's own compensation and benefits, except as their benefits are consistent with a package for all other staff.
8. Allow staff to be without adequate, appropriate training.

Policy Type: Executive Limitations
Policy Title: B7 – Communication to the Board
Last Revised: July 18, 2022

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

The GM must not:

1. Submit monitoring reports that are untimely or inaccurate or that lack operational definitions and verifiable data directly related to each section of the policy.
2. Report any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance, in an untimely manner.
3. Allow the Board to be unaware of relevant legal actions, trends, public events of the Co-op, or significant internal and external changes.
4. Withhold their opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
5. Deal with the Board in a way that favors or privileges certain Board members over others except when responding to officers or committees duly charged by the Board.

Board Policy Type: Executive Limitations
Policy Title: B8 –Board Logistical Support
Last Revised: July 18, 2022

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

The GM must not:

1. Provide the Board with insufficient staff administration to support governance activities and Board communication.
2. Allow the Board to be without a workable mechanism for official Board, officer, or committee communications.
3. Allow Board members to be without an updated copy of the Policy Register and the Bylaws.
4. Provide inadequate information and notice to member-owners concerning Board actions, meetings, activities, and events.
5. Allow insufficient or inaccessible archiving of Board documents.

Policy Type: Executive Limitations

Policy Title: B9 – Emergency General Manager Succession

Last revised: July 18, 2022

To protect the Co-op from sudden loss of General Manager services, the GM must not have less than one other manager sufficiently familiar with the GM responsibilities and Board processes to enable them to take over with reasonable proficiency as an interim successor.

Policy Type: Board Process

Policy Title: C – Global Governance Commitment

Last Revised: July 18. 2022

Acting on behalf of our member-owners, the Board ensures the success of the Co-op by working together effectively, empowering and holding accountable professional management, providing strategic leadership, amplifying diverse perspectives, and perpetuating our just, equitable, democratic organization.

Policy Type: Board Process
Policy Title: C1 – Governing Style
Last Revised July 18, 2022

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

1. Be a strategic leader by developing insight and foresight to set direction and facilitate movement in that direction.
2. Ensure effective systems of delegating authority to professional management, holding the use of that power accountable, and clearly distinguishing between Board and management responsibilities:
 - a. Observe the 10 Policy Governance principles (Ownership, Position of Board, Board Holism, Board Means Policies, Clarity and Coherence of Delegation, Ends Policies, Executive Limitations Policies, Policy Sizes, Any Reasonable Interpretation, Monitoring)
3. Maintain team discipline, authority, and responsibility.
4. Maintain a commitment to justice, equity, diversity, and inclusion by:
 - a. Ensuring that our point of view extends beyond that of the dominant culture.
 - b. Understanding that we are part of an interconnected people, dependent upon and accountable to one another.
5. Practice the habits of a successful democracy among our member-owners. We appreciate the value of others and actively seek diverse viewpoints, understanding that these will optimize information sharing, processing capacity, and overall governance.
6. Follow all relevant laws and Bylaws.

Policy Type: Board Process
Policy Title: C2 – The Board’s Job
Last Revised: July 18, 2022

The role of the Board is to direct the Co-op with foresight and care through formulating policy, monitoring compliance, representing our member-owners, and ensuring the Co-op’s appropriate performance. In order to govern successfully, we will:

1. Practice, promote, and perpetuate a just, equitable, inclusive, and healthy democracy for our Co-op.
2. Establish and maintain communication with member-owners and the community at large, educating ourselves on diverse needs and perspectives and reporting to the member-owners on the Board’s activities, decisions, and compliance with Board policies.
3. Hire, compensate, delegate responsibility to, and hold accountable a General Manager.
4. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
5. Regularly and rigorously monitor the policies that guide our Co-op: GM performance in the areas of Ends and Executive Limitations and Board performance in the areas of Board Process and Board-General Manager Relationship.
6. Uphold fiduciary responsibility for our Co-op on behalf of the member-owners through the monitoring of its financial condition and business planning and budgeting policies as well as adherence to Cooperative values and principles.
7. Perpetuate the Board’s leadership capacity using:
 - a. Ongoing education and training.
 - b. Robust and inclusive development, recruitment, qualification, orientation, nomination, fair election process, and well supported onboarding.
8. Perform other duties as required by the bylaws and those beyond the limitations of the GM authority.

Policy Type: Board Process
Policy Title: C3 – Agenda Planning
Last Revised: July 18, 2022

We will follow a strategic work plan and annual agenda that focuses our attention on ongoing excellence and toward the future.

1. We will maintain an annual calendar that includes tasks and events related to our work plan, member-owner meetings, Board training schedule, monitoring schedule, and the General Manager evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
2. Board meeting agendas will be determined by the Board President and may be modified at the meeting by a majority vote of the Board.

Policy Type: Board Process
Policy Title: C4 – Board Meetings
Last Revised: July 18, 2022

Board meetings are for the task of getting the Board's job done.

1. We will use Board meeting time only for work that is the whole Board's responsibility, avoiding topics that are not the best use of our time.
2. Meetings will be open to member-owners except when executive session is officially called.
 - a. We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
3. We will seek consensus through discussion. We will then finalize and document decisions through the use of motions, seconds, and majority vote.
4. If we must make a decision outside of a regular meeting, we will follow our bylaws, include everyone, and ensure that it is properly documented.

Policy Type: Board Process
Policy Title: C5 – Directors’ Code of Conduct
Last Revised July 18, 2022

Individually and collectively, we commit to ethical, professional, and lawful conduct, respecting the dignity and perspectives of all.

1. Directors will maintain a culture of inclusivity and open participation, being aware of intent and impact, keeping feedback constructive, and respecting the legitimacy of resistance to abuse or oppression.

- a. Directors will not use violent, threatening, offensive, racist, or otherwise harmful language or behavior, particularly in relation but not limited to age, ability, marital status, family status, race, body type, gender identity or expression, sex, sexual orientation, nationality, religion or other belief.

2. Directors are responsible at all times for acting in good faith, in a manner which they reasonably believe to be in the best interest of the Co-op, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

3. Directors must demonstrate unconflicted loyalty to the interests of the Co-op and its member-owners while upholding the Cooperative principles and values. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member-owner.

- a. There will be no self-dealing or any conduct of private business or personal services between any director and the Co-op except as procedurally controlled to assure openness, competitive opportunity, and equal access to “inside” information.
- b. Directors will verbalize immediately to the entire Board all actual and potential as well as possible subsequent actual or potential conflicts of interest. These will be made a part of the record.
- c. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
- d. A director who applies for employment at the Co-op must first resign from the Board.

4. Directors may not attempt to exercise individual authority over the Co-op.

- a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
- b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.

5. Directors will respect confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.

6. Directors will attend and be prepared to participate fully in Board meetings, trainings, and community engagement activities.

7. Directors will support the legitimacy and authority of the Board's decision on any matter, irrespective of the director's personal position on the issue.

8. Directors will complete the Code of Conduct agreement annually.

9. Any director who does not follow the code of conduct policy can be removed from the Board by a 2/3 majority vote of the remaining Board.

a. Policy Type: Board Process
Policy Title: C6 – Officers' Roles
Last Revised: July 18, 2022

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

1. No officer has any authority to supervise or direct the General Manager.
2. Officers may delegate their authority but remain accountable for its use.
3. The President ensures the Board functions well and in accord with our policy agreements.
The President:
 - a. Is authorized to make decisions that are consistent with Board Process and Board-Management Relationship policies in order to facilitate the Board's functioning.
 - b. Will chair and set the agenda for Board meetings.
 - c. Plans for leadership (officer) perpetuation.
 - d. May represent the Board to outside parties.
4. The Vice-President will perform the duties of the President if the President is unable to do so.
5. The Secretary will ensure the Board's documents are accurate, up to date, and appropriately maintained.
 - a. Board documents include: the Policy Register, meeting minutes, monitoring report summary, annual calendar, and committee charters.
6. The Treasurer is responsible for supporting the Board in all finance related Board work. The Treasurer will:
 - a. Lead the Board's process for creating and monitoring the Board's (not the Co-op's) budget.
 - b. Facilitate the Board's understanding of the financial condition of the Co-op.

Policy Type: Board Process

Policy Title: C7 – Board Committee Principles

Last Revised: July 18, 2022

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

1. Committees will reinforce and support Board holism.
 - a. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. The Board will establish, regularly review, and control committee responsibilities in written committee charters.
 - a. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

Policy Type: Board Process
Policy Title: C8 – Governance Investment
Last Revised: July 18, 2022

The Board will invest in our governance skills, methods, and support to allow us to govern with excellence.

1. We will use the Co-op's resources prudently and strategically.
 - a. We will seek out and fund appropriate training opportunities for new directors, Board candidates, and current Board members to enhance effective and meaningful engagement in all aspects of our work, such as but not limited to governance, Ends issues, the Cooperative and grocery industries, and Cooperative principles and values including justice and inclusion.
 - b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - c. We will use outreach mechanisms as needed to ensure our ability to listen to member-owner viewpoints and values.
 - d. We will use professional and administrative support.
 - e. In establishing Board compensation, we will:
 - i. Link compensation to the work requirements of the various roles.
 - ii. Consider Board member equity in discussions about compensation.
 - iii. Keep our member-owners informed.

2. We will develop the Board's annual budget timely in order to not interfere with the development of the Co-op's annual budget. We will complete this work no later than April 30.

Policy Type: Board-Management Relationship
Policy Title: D – Global Board-Management Relationship
Last Revised: July 18, 2022

The Board's sole official connection to the operations of the Co-op will be through the General Manager. We will cultivate a relationship rooted in equity, respect, and mutual support. In delegating authority to the GM, we acknowledge the GM's expertise and will work collaboratively and transparently with them.

Policy Type: Board-Management Relationship
Policy Title: D.1 – Unity of Control
Last Revised: July 18, 2022

Only officially passed motions and policies of the Board are binding on the General Manager.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized this power.
2. In the case of directors or committees requesting information or assistance without Board authorization, the GM can refuse any requests that, in the GM's opinion, may disrupt operations or that require too much staff time or resources.

Policy Type: Board-Management Relationship
Policy Title: D.2 – Accountability of the General Manager
Last Revised: July 18, 2022

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

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

Policy Type: Board-Management Relationship
Policy Title: D.3 – Delegation to the General Manager
Last Revised: July 18, 2022

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

1. As long as the GM uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices, and plans for the Co-op.
2. The Board will respect and accept the GM's choices as long as those choices are based on reasonable interpretations of Board policies.
3. If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.

Policy Type:Board-Management Relationship

Policy Title:D.4 – Monitoring General Manager Performance

Last Revised: July 118, 2022

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

1. The Board's policy monitoring process is the foundation of our annual evaluation of the GM.
 - a. In October of each year the Board will review a summary of the monitoring reports received during the previous 12 months.
 - b. The Board will invite the GM to discuss and share clarifications and other relevant information.
 - c. Based on the review and discussion, the Board will present an evaluation letter to the GM. That The letter will constitute our full evaluation, and it will be delivered no later than January 1.
2. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM discloses policy interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (c) rarely by direct Board inspection, in which a designated director or committee assesses compliance with the policy.
3. The Board will accept that the GM is compliant with a policy if the monitoring report includes a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
 - a. The Board's standard for compliance with a policy will be any reasonable GM interpretation (as described by operational definitions and metrics). The GM should not be expected to provide interpretations approved by each director, rather their interpretations must be found to be reasonable by the Board as a whole.
 - b. In evaluating non-compliance, the Board will consider the severity, implications, trends, GM's explanation, and plan to achieve compliance.
4. The Board will accept that the GM is compliant with a policy if the monitoring report includes a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method listed above but ordinarily will follow the schedule outlined in the Board Annual Calendar.

Policy Type: Board-Management Relationship
Policy Title: D-5- Compensating the General Manager
Created: July 18, 2022

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

1. The Board will establish a compensation package that is fair, competitive in our market, and sustainable for the Co-op.
2. The Board will use a strategic process to establish the value of the GM's compensation and will complete this process in a timely manner.

Appendices

Bylaws (Passed by member vote October 24th, 2015)

1. Organization

1.1 Name. The name of this organization shall be the Monadnock Community Market Cooperative, Inc., (referred to in these bylaws as the “CO-OP”).

1.2 Purpose. The CO-OP is organized as a New Hampshire non-profit consumer cooperative, formed under the New Hampshire law. The purpose of the CO-OP is set forth in its certificate of organization.

1.3 Principles. The CO-OP shall be conducted in accordance with the following cooperative principles:

1.3.1. Open and voluntary membership without any social, political, racial, or religious discrimination and without any discrimination based upon age, gender, sex, disability, or marital status.

1.3.2. Democratic member governance with equal voting rights among members.

1.3.3. Members equally contribute to the capital of the CO-OP in accordance with these bylaws.

1.3.4. Autonomy and independence through a self-reliant, member-governed enterprise.

1.3.5. Education, training, and information so that members, directors, and employees can contribute to the development of the CO-OP and inform the general public about the nature and benefits of cooperation.

1.3.6. Strengthen the cooperative movement by working together through local, regional, national, and international alliances.

1.3.7. Concern for community by working to assure it thrives and is developed sustainably.

1.4 Fiscal Period. The fiscal period of the CO-OP shall be as adopted by the Board of Directors.

2. Membership

2.1 Eligibility and Admission.

2.1.1. Membership in the CO-OP shall be open and voluntary to any individual, association or corporation that supports the purposes and principles, that intends to make use of its services, and that accepts the responsibilities of membership. If any member is a non-natural person, then the member must identify in writing the natural person who is authorized to vote on behalf of the member. Membership may not be owned in joint tenancy.

2.1.2. Applicants shall be admitted to membership upon payment of minimum capital requirement, as determined from time to time by the Board of Directors, provided the applicant satisfies all other requirements of membership in these bylaws. Memberships

are not transferable except as in accordance with these bylaws.

2.2 Accounting. Member capital payments shall be credited on the books of the CO-OP to capital accounts in the name of the member.

2.3 Transfer, Termination and Repurchase of Membership.

2.3.1 Any member desiring to withdraw his or her membership must first offer it in writing to the CO-OP which is authorized to redeem membership holdings. In no event shall redemption proceeds exceed the total of the withdrawing member's equity payment. The duration of the option of the CO-OP to repurchase shall be sixty (60) days, after which the member shall have the right to dispose of the membership to any person, subject to the approval of the transferee by a majority vote of the Board of Directors and as required by law. Transfers of the membership of this CO-OP shall not be binding until made upon its books. The Board shall make no purchase or redemption if it would impair the solvency of the CO-OP as set forth in NH law.

2.3.2 The Board of Directors shall have the right to terminate and redeem the membership of any member that has failed to meet the requirements of membership set forth in these bylaws and not cured such failure within thirty (30) days of written notice to the member at its address on record with the CO-OP. The notice shall state the particulars of the failure. Such member shall be entitled to be heard by the Board if such member so elects in writing within the aforementioned thirty (30) day notice period. If the Board terminates a membership, and any membership holding is not claimed within two (2) years following the aforementioned notice to the member, the Board shall have the right to redeem the membership, thereby canceling any membership, and may release the membership holding to the general reserve fund of the CO-OP, provided due notice and warning have been given in the public press and the laws of the State of New Hampshire have not been violated.

2.4 Lien on Member Holding and Loan Capital. The CO-OP shall have an absolute lien on the membership holding or loan capital, and on the interest due thereon, of any member for debts owed to the CO-OP by said member or subscriber.

2.5 Member Holding Non-assessable. No member may be held liable for the debts of the CO-OP beyond amounts credited towards such member's membership holding and the amount of any unpaid amounts due and payable to the CO-OP.

2.6 Limitations on Membership. No member less than 18 years of age shall be eligible to hold office in the CO-OP.

2.7 Membership Roll. A list of the members with their addresses shall be kept by the General Manager.

2.8 Presentation of Bylaws. A copy of these bylaws shall be made available to each member.

2.9 Rights of Members. Every member shall have a right to participate and to vote in regular and special meetings and to attend any open meeting of the Board of Directors or of a committee, as provided in these bylaws and the law of New Hampshire. The rights of members shall be understood to apply only to active members in good standing.

2.10 Loan Capital. The CO-OP may borrow money from its members or from non- members in such amounts and upon such terms, with respect to interest, maturity, security, and otherwise, as the Board may determine; provided, however, that no member may be required to lend money to the CO-OP.

2.11 Constructive Consent by Members.

By obtaining or retaining membership in the CO-OP, each member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the CO-OP. In addition, by obtaining or retaining membership in the CO-OP, each member is required to accept all patronage dividends received from the CO-OP.

However, patronage dividends derived from purchases from the CO-OP attributable to personal, living or family items are excluded from taxable gross income under 26 U.S.C. 1385(b)(2).

2.12 Responsibilities of Members. Members shall abide by the CO-OP's certificate of organization, its by-laws, its rules and regulations, and by decisions of the membership and the Board of Directors. To maintain active membership, members shall be required to meet capital requirements set by the Board from time to time, and to make a purchase from the CO-OP within any twelve (12) month period. Members shall inform the CO-OP manager of any changes of name, address (which term shall include e-mail address) or other contact information. Membership capital may be paid in one payment, or in payments as set by the Board. A member is considered active and in good standing when the full amount of the capital requirement is paid, or is being paid over a period of time provided that payments are made and up-to-date. A member who upholds these responsibilities is considered an active member in good standing.

3. Distribution of Net Savings

3.1 Determination of Net Savings. Within six (6) months after the end of each fiscal year a certified public accountant selected by the Board of Directors and having no financial interest in the CO-OP shall calculate net savings in accordance with NH law. The CO-OP shall use the total income minus the costs determined in accordance with generally accepted accounting principles.

3.2 Division of Net Savings. Following the close of each fiscal year the net savings for the year shall be calculated and distributed in the following manner and order:

3.2.1 At least 10 percent shall be placed in a reserve fund until the general reserve exceeds 30 percent of both the paid in and subscribed capital. Such fund may be funded through non-member purchases and may be used in the general conduct of the business. The paid-in and subscribed capital shall be defined as the dollar amount of membership capital. The amounts apportioned to the reserve fund may be allocated on the books of the association on a patronage basis.

3.2.2 The balance of the net savings, after deduction of reserves and income taxes thereon, may be allocated or distributed as patronage refunds in accordance with these

bylaws or as otherwise allowed by law. If there are any funds remaining after distribution of patronage, the Board shall be authorized to allocate such funds to the reserve fund, apply such funds to lower fees charged members or otherwise use such funds to further the common benefit of the members.

3.3 Patronage Records. The Board of Directors shall determine a process by which accurate records may be kept of each member's and non-member's patronage of the CO-OP for the purpose of determining patronage refunds and other purposes. The Board shall give sufficient notice in the CO-OP's publications and in the CO-OP's stores of the process to the CO-OP's members and non-members, as the Board may from time to time determine.

3.4 Manner of Distribution of Patronage Refunds. The patronage refund payable to each patron shall be that fraction of the total amount available for patronage refunds that the sum of the purchases actually made by the patron bears to the sum of all such purchases. The Board may pay patronage refunds in the form of merchandise certificates redeemable in trade with any store of the CO-OP. A member may decide that said patronage refund be paid in the form of credit toward purchase of additional membership holdings. Non-members may purchase goods from the CO-OP, and a non-member shall be entitled to patronage refunds only for credit towards purchase of membership in the CO-OP if such non-member presents receipts substantiating such claim, as further set forth in this section. If such non-member patron shall thereby become a member, such member shall be eligible for patronage refunds in any subsequent fiscal year. The CO-OP may defer payment of net savings that would otherwise be distributed to a member when the total amount distributed is de minimis (any amount less than 10 times the cost of a 1st class stamp) as set forth in NH law. The CO-OP may defer payment of patronage refunds as allowed by New Hampshire law.

3.5 Notice and Distribution: Patronage refunds shall be evidenced by written (which shall be understood to include electronic) notice of allocation delivered to recipient members within eight (8) months and fifteen (15) days following the close of the fiscal year. Each notice shall state the dollar amount of the patronage refund. All notices, except as otherwise provided in this article, shall be accompanied by checks or electronic transfers in amounts determined by the board.

3.6 Failure to Claim or Redeem: The cash/voucher, portion of any patronage refund distributed to a member may be used for the purchase of goods at the CO-OP, redeemed for cash, or donated to the CO-OP. The cash portion of a patronage dividend distributed to any member that is not claimed, used, redeemed or donated within ninety (90) days from issuance shall revert to the CO-OP as a donation without further notice to the member. Such cash portions of patronage refunds that are donated or that revert to the CO-OP as provided in this section shall be distributed and allocated as the Board may determine.

3.7 Dividends. No dividends shall be paid on membership holdings.

3.8 Allocation of Net Loss. In the event the CO-OP shall incur a net loss in any fiscal year, such loss shall be charged against retained net savings or reserve funds of the CO-OP. If the net loss exceeds such amounts, or in any event if the board so determines, the amount of such loss may be either carried forward to offset adjusted net earnings of subsequent fiscal years or allocated to

members in the same manner as for adjusted net saving except that such allocation shall not exceed the total of invested capital. Any allocated net loss shall be charged first against retained patronage refunds of prior fiscal years and then against patronage refund allocations of subsequent fiscal years. Allocated net losses shall not otherwise be assessed to or collected from members.

3.9 Deferred Amounts: Each member shall have an internal capital account in his or her name. The surplus earnings of the company after paying taxes, interest on loans, and additions to the unallocated reserve shall be allocated to members as a patronage refund. Unless otherwise decided by the board, the patronage refund shall be credited to the owner's internal account. At least 20% of each year's patronage allocation must be paid in cash to members.

4. Membership Meetings

4.1 Regular Meetings. Each year the annual meeting of the CO-OP shall be held within four (4) calendar months following the end of the immediately preceding fiscal year. The purpose of the annual meeting shall be to hear the reports on operations and finances, to review any important policy issues and other matters that vitally affect the CO-OP, to elect directors, to make available the full audit report and to conduct such business as may properly come before the meeting.

4.1.1 Special meetings. Special meetings may be called by a majority vote of the Board of Directors. Special meetings must be called by the secretary within thirty (30) days whenever a petition for a special meeting is signed by ten percent (10%) of the members and presented to the Board.

4.1.2 Meeting Notice and Agenda. Notice of membership meetings shall be provided to all members at their last known address at least ten business days in advance. The notice for any regular or special meeting shall include the proposed agenda of the meeting and a complete description of any issues that will be voted upon by the members. Decisions on issues not included in the notice of meeting shall be of an advisory nature only.

4.1.3 All Meetings. For the purposes of these bylaws, a membership meeting (meeting of the CO-OP; meeting of the members), including the annual meeting, shall last for a minimum period to be determined by the Board and stated in the notice, but no more than thirty (30) days, during which period ballots may be cast as provided in these bylaws. All meetings shall provide for an assembly of members (of more limited duration) in person to receive the report(s) of the CO-OP. The duration of a meeting and the date, time, and place of the assembly of members shall each be determined by the Board.

4.2 Quorum. At any annual or special members' meeting, a quorum necessary for the transaction of business shall be fifty (50) members. In determining a quorum at a meeting, on a question submitted to a vote by mail, members present in person or represented by mail vote shall be counted. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members present in person or by mail ballot at the meeting.

4.3 Rights and Limitations of Membership. Members have the right and responsibility to elect directors and to enact and amend the bylaws and amend the certificate of organization of the CO-

OP as provided in these bylaws or the certificate of organization.

4.4 Member Voting. Except as expressly provided in these bylaws, the certificate of organization or as required by law, the majority vote of the members voting shall decide all matters on the agenda for vote by the members. Action on all matters including election of directors, where members are present in person, may be by voice, hand or written ballot as determined by the President of the Board of Directors. At the discretion of the Board, absentee ballots may be made available to be picked up by members at designated locations. Ballots shall be mailed (in paper or electronic media) to each member and returned by mail or by hand to the location designated (in any case the ballot is to be received by the secretary of the CO-OP by the date specified) or at the designated membership assembly. Each member shall have one vote on all member voting occasions, and never more than one vote and there shall be no voting by proxy. Ballots shall be mailed out to members (or made available for pick up) at least ten (10) business days prior to the beginning of the meeting. To be counted, ballots must be received by mail, by deposit at designated sites within the stores or at the assembly of members, or by electronic means, as set up for that purpose, by a time clearly stated on the ballot. To be counted, a ballot must also meet certification standards set by the Board to ensure confidentiality, authenticity, and validity.

4.5 Conduct of Meetings. Except where the bylaws and certificate of organization otherwise provide, Robert's Rules of Order, as revised, shall govern.

5. Board of Directors

5.1 Composition of the Board and Election of Officers. The administration of the CO-OP shall be vested in a Board of Directors. Only members of the CO-OP may serve on the CO-OP's Board of Directors. The board shall consist of nine (9) members, or such other greater number as may be designated from time to time by resolution of a majority of the entire Board of Directors. Director's three-year terms shall be staggered so as to provide continuity. Nomination of directors shall be in accordance with Section 6.3 of these bylaws. No Director may serve more than three (3) consecutive terms. Directors shall be elected by the membership during the annual meeting of the CO-OP. After the conclusion of the voting by the membership for the Board, the directors shall elect the officers within a timely manner before the next Board meeting from among the members of the Board. The officers shall be the president, vice president, secretary, and treasurer. Directors and officers shall serve until their successor is elected and qualified, as provided by law, these bylaws, or the certificate of organization.

5.2 Eligibility. Employees of the CO-OP and members of any employee's household may not run for or serve on the board during such employment and for a period of two (2) years after such employment terminates.

5.3 Responsibilities of the Directors and Disqualification of Directors; Resignation and Removal. Directors shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of the CO-OP and with the care that an ordinarily prudent person in a like position would use under similar circumstances. The term of office of a director may be terminated prior to its expiration in any of the following

ways: (i) voluntarily by a director upon written notice of resignation to the CO-OP; or (ii) involuntarily by decision of two-thirds of the remaining directors for breach of duty, conduct contrary to the CO-OP or failure to follow Board policies, provided that the director subject to removal is given the opportunity to speak and be heard at such meeting as to why action for removal should not be taken.

5.4 Vacancies. The Board may fill by appointment any board vacancy and such an appointee shall hold office for the remainder of the term.

5.5 Duties. The Board shall administer all business carried on by or on account of the CO-OP. Regular meetings of the Board, on the call of the president and with due notice to the directors and members, shall be held at least quarterly. A majority of directors shall constitute a quorum. The directors may arrange themselves into committees. Any member of the CO-OP may attend any meeting of the Board or of a Board committee as an observer, and may upon invitation of the Board or committee chair participate in its discussions, except during executive sessions. The Board or Board committee may declare executive session solely for discussion of a specified subject by a vote of at least five (5) directors in the case of a Board meeting or by a majority of the committee members present in the case of a committee meeting, and the chair may disallow attendance by non-director members (or non-committee members, as the case may be) at such executive session. All binding decisions of the Board and its committees shall be made by recorded votes in open sessions. The Board shall convene the membership meetings of the CO-OP. The president or any four (4) directors may call a special Board meeting by giving two (2) days' written notice to the full Board, specifying the object thereof. At the discretion of the president, when necessary to transact urgent business, special meetings of the board may be conducted by electronic means. Directors must otherwise be present to vote or otherwise to participate in meetings of the board. Any action required or permitted to be taken at a meeting of the board may be taken by written or electronic action signed by a majority of the directors. The written action is effective when signed by a majority of the directors, unless a different effective time is provided in the written action.

The Board shall act for the CO-OP and be responsible for:

5.5.1. Engaging a general manager of its business and determining his or her duties and compensation.

5.5.2. Insuring that the business is conducted in accordance with these bylaws and that the purpose and the principles of the CO-OP are carried out.

5.5.3. Overseeing the financial condition of the CO-OP.

5.5.4. Securing the soundness of the business of the CO-OP by providing that all officers and employees having custody of the funds or goods shall each give sufficient bond consistent with state law.

5.5.5. Providing good conditions of employment in the service of the CO-OP, and for requiring efficiency, faithfulness, and diligence on the part of the staff.

5.5.6. Maintaining a direct and vital connection with other cooperative organizations.

5.5.7. Fostering a spirit of enthusiasm for cooperative effort, in the staff and among the members of the CO-OP, and for encouraging them to identify themselves with every good feature of cooperative endeavor.

5.5.8. Determining special committees of the CO-OP and designating their chairmen, who shall select the additional members of such committees, subject to the approval of the board. Such committees of the CO-OP shall serve for one year unless otherwise specified.

5.6 Indemnification. The CO-OP shall indemnify or reimburse its current and former directors and officers for all claims and liabilities including reasonable expenses and attorney's fees, to which they may be subject by reason of their positions with the CO-OP or by reason of service as a director or officer of another corporation at the request of the CO-OP. Indemnification or reimbursement shall not, however, be made if it is determined that such persons did not act in good faith or in the reasonable belief that their actions were in the best interest of the CO-OP. If this determination is not made in a legal proceeding related to the claim, it may be made by a quorum of disinterested directors. If not made or able to be made by either, the determination shall be made by independent legal counsel. Indemnification payments and payment of expenses shall be made only in such increments and at such times as will not jeopardize the ability of the CO-OP to pay its other obligations as they become due. The foregoing shall not be exclusive of any other rights to which directors and officers may be lawfully entitled. The Board shall have the authority to procure insurance to protect current and former board members, officers, employees and agents of the CO-OP against the foregoing risks.

6. Duties of Officers, Committees and General Manager

6.1 Officers. The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business and may include, but shall not be limited to, a president, one or more vice presidents, a secretary and a treasurer

6.2 Finance Committee. The Board of Directors convened as a committee of the whole, shall serve as the finance committee of the CO-OP to the extent such a committee may be required by law.

6.3 Nominating Committee. The duties of the nominating committee shall be to present a slate of candidates to fill vacancies on the Board and to encourage a contest. The Board shall elect the chair of the nominating committee from among the members of the Board and shall appoint additional members to the committee from among the members of the CO-OP in sufficient number and of such capability and diversity, as to carry out an effective election process. The chair shall serve in such capacity for a term of one (1) year or until his/her successor is duly elected and qualified. Subject to the provisions of these bylaws, any member may volunteer to be considered as a candidate for the Board by submitting his or her name and a statement of interests and qualifications to the chair of the nominating committee. The inclusion of such a member on the slate of nominees nominated by the nominating committee shall be at the Board's discretion. In addition, a member has the right to be nominated by petition of at least 50 eligible-to-vote CO-OP members. This petition must be submitted to the chair of the nominating committee in time for candidate information to be included in the annual report, which is mailed (or made available electronically) to all members. Such a candidate will be identified in the roster of candidates as being nominated by petition in contrast to candidates nominated by the

nominating committee.

7. Dissolution. In the event of dissolution of the association, the assets, after payment of the association's debts and expenses, shall be distributed in the following manner:

I. The par value or book value, whichever is lower, of the membership certificates or holdings shall be returned to the members. Amounts paid on subscriptions shall be returned to subscribers. The amounts allocated in distribution of net savings under RSA 301-A:28 shall be returned to those members entitled to them.

II. Any surplus remaining after the distributions in paragraph I may be distributed as a contribution to one or more cooperative associations or other nonprofit associations that may best further the purposes and mission of the CO-OP and to which contributions are deductible from income tax under current Internal Revenue Service regulations.

8. Amendments. Amendments to the certificate of organization may be proposed by a 2/3 vote of the board of directors or by petition of 10 percent of the association's members. Notice of the meeting to consider the proposed amendment shall be sent by the secretary at least 30 days prior to such meeting to each member at his last known address, accompanied by the full text of the proposal and by that part of the certificate to be amended. Such amendment may be adopted by 2/3 of the members voting. Bylaws shall be amended by at least a majority vote of members casting ballots.

9. Interpretation. The Board of Directors shall have the power, with or without advice of legal counsel, to interpret these bylaws, apply them to particular circumstances and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent with these bylaws.

10. Severability. In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

COMMITTEE CHARTER (Last updated November 18, 2021)
Committee: Board Development

Ensure the Board has the training and education it needs.
Ensure that the next Board is at least as good if not better than this Board.

The primary purposes of the Board Development Committee will be to:

1. Plan annual retreat.
2. Plan orientation for new Board members.
3. Organize attendance at CBLD for all new Board members.
4. Determine additional Board training needs; plan and arrange for training that reflects the needs of newer as well as longer serving Board members.
5. Board policy monitoring and self-assessment.
6. Plan monthly Board meeting development topics to coincide with the year's Board work and the recent annual Board retreat goals.

Related Policies: C2, C3, C8

COMMITTEE CHARTER (Last updated August 7, 2022)

Committee: Member Linkage

Maintain a dialogue with member-owners to learn how their Co-op meets their goals and values. Ensure that member-owners are informed about the Board's activities and decisions.

The primary purposes of the Member Linkage Committee will be to:

1. Plan and implement outreach activities (such as surveys, forums, focus groups, meetings) that will educate the Board about the values held by member-owners.
 - a. Establish effective lines of communication for member-owners to share about their Co-op experiences and for the Board to explain Board activities.
2. Work with the Marketing Manager to communicate about Board activities in the newsletter and in social media.
3. Plan annual member-owners meeting (ad hoc committee within standing committee with Board officers and GM).
4. Assist the GM and Marketing Department with communicating the values of member-ownership to the Co-op's patrons.

Related Policies: C2-1

COMMITTEE CHARTER (Last reviewed November 18, 2021)

Committee: Nominating

The primary purposes of the Nominating Committee will be to:

1. Document Board Election process and ensure the Board is adhering to established Board election procedures.
2. Develop a plan for recruitment of Board candidates for election and appointment, including communicating with member-owners through the newsletter and developing a strong pool of future Board candidates.
3. Seek and incorporate feedback about recruitment/election process and review and update election policies and procedures.
4. Vet all candidates.
5. Collaborate with the Board Development Committee for the orientation process for new Board members.

Related Policies:

- MFC Procedures for Co-op Vote (Board Documents – Election Protocol),
- Tabling and Petitioning Policy – Co-op Website
- Reference Bylaws

Helpful Resources;

<https://columinate.coop/elections/>

Officer Roles

Last Revised: July 6, 2022

President:

1. Responsible for these outcomes:
 - a. The Board accomplishes its goals set in the annual retreat.
 - b. The Board understands and utilizes Policy Governance.
 - c. The Board is looking toward the future by understanding trends and growth opportunities.
 - d. Ensures all Board decisions are supported by the End statements and Bylaws.
2. Chairs and sets the monthly agenda for Board meetings.
3. Meets with the GM on at least a monthly basis so there are “no surprises”.
4. Oversees committee work and does not have to serve on a committee.
5. Manages Board Calendar.
6. Oversees the audit.
7. Oversees Annual Meeting preparation.
8. Writes the President’s letter for the annual report and prepares a presentation for the annual meeting.
9. Liaison to the Board Administrator.
10. Engages in the CDS monthly phone consultation.
11. Represents the Board to outside parties.
12. Oversees leader perpetuation.
13. Certifies accuracy of draft minutes.
14. Initiates and oversees GM compensation process and signs the GM contract.

Vice President:

1. If the Board President is unable to complete their term or continue as President, succeed to role of interim President until the remaining Board members select a new President to fill the unexpired term.
2. Support committee work as needed and requested by the President.
3. Engages in the CDS monthly phone consultation.
4. Support Board leadership by maintaining a good working relationship with the GM.
5. Regular check in with the President to provide support and feedback.
6. Chairs a committee.
7. Has the authority to sign contracts if the Board President is unable to do so.
8. The Vice President’s role is an opportunity to prepare for the role of President.

Secretary:

1. Will ensure the Board’s documents are accurate, up to date, and appropriately maintained.
2. Certifies the accuracy of draft minutes of the monthly Board meetings.
3. Assists the President in managing the Board Calendar.
4. Writes birthday cards and work anniversary cards to Co-op employees.
5. Manages newsletter articles.

6. Confirms amended policies get updated in the Policy Register and the updated register is sent to Board members.

Treasurer:

1. Will lead the Board's process for creating and monitoring the Board's (not the Co-op's) budget.
2. Initiates and engages the audit process outlined in the Board Calendar.
3. Approves monthly and quarterly GM expenses.
4. Facilitates the Board's understanding of the financial condition of the Co-op.

Statement of Agreement

I. Code of Ethics

The Board of Directors of the Monadnock Food Co-op adopts the following Code of Ethics to clarify any uncertainty regarding the authority of the Board of the individual Directors. This Code of Ethics is proposed to create greater unanimity and closer coordination between Directors and among Directors, management, and employees.

To that end, we the Directors of the Monadnock Food Co-op agree that:

- The Board's authority is limited to overseeing the affairs of the Co-op in a manner deemed just and beneficial to the Co-op as a whole. To do this, we employ a manager to be responsible for the overall and day-to-day management of the business under the direction of the Board and work with management to set the future direction of the Co-op . We are also responsible for carrying out other duties as provided by the bylaws or by general or specific corporate laws.
- Each Director's authority is equal only to the rights and authority of any individual member-owner of the Co-op except when the Board is formally meeting. No individual Director may take action on behalf of the Co-op alone unless explicitly delegated that authority by action of the Board, and no individual Director has any particular rights to information not made available to all Directors.
- The authority of the manager, as approved by the Board in the General Manager's job description, is to manage the affairs of the Co-op . The manager shall employ, supervise, and discharge all employees, agents, and laborers and engage in all negotiations and discussions on behalf of the Co-op as necessary and/or directed by the Board.
- While Directors may disagree with a policy approved by or action taken by the majority of the Board, they will support that policy or action as being the considered judgment of the Board. An individual Director shall have the right to present further evidence and argument to the Board for further consideration in a manner consistent with the Board's practices. The Board shall have the duty to reconsider its actions appropriately.
- All Directors will maintain confidentiality as needed to protect the Co-op's interests and financial viability. This means that all Directors shall not discuss disputed or confidential corporate actions, policies, or issues with the Co-op's member-owners, employees, or the community at large unless all Directors agree that such information is no longer confidential. All issues related to personnel, real estate, market strategy and goals, pending litigation, and details of the Co-op's financial status will be considered sensitive issues subject to confidentiality unless or until full disclosure is approved by the Board as a whole.
- Directors serve as representatives of the Co-op. We shall conduct ourselves ethically, lawfully, and professionally, fostering confidence and reflecting positively on the Co-op, its member-owners, and its staff.
- Directors respect the rights and dignity of all, welcoming the diverse perspectives of staff, member-owners, fellow Directors, and community members.

II. Code of Conduct

As a Director, I pledge to do my best for the Monadnock Food Co-op and will:

- Devote the time needed to fulfill the responsibilities of the position;
- Attend and actively participate in Board meetings, community engagement activities, training sessions, and the annual planning retreat to enhance Board understanding and cohesiveness;
- Consider the business of the Co-op and its member-owners to be confidential in nature;

- Disclose any personal or organizational conflict of interest that I may have and abstain from discussing or voting on any issues related to that conflict;
- Maintain a culture of honesty, helpfulness, diligence, and inclusivity in my dealings with the Co-op, fellow Directors, the Co-op's management and staff, member-owners, and the community at large, being aware of intent and impact and rejecting all forms of oppression and discrimination.
- Work for continued and increased effectiveness in the Co-op's ability to serve its member-owners and the community at large;
- Agree to abide by the majority action of the Board, even if it is not my personal opinion;
- Present the agreed-upon view of the Board of Directors, rather than my own, when I speak for the Co-op to employees, member-owners, and the community at large;
- Refrain from asking for special privileges as a Board member and from interfering with management's authority;
- Ensure that member-owners have a just, equitable, democratic process of representation through open and fair elections, developing and encouraging the participation of all.
- Strive to keep member-owners informed of the Co-op's status and plans and of the Board's work as appropriate;
- Continually seek to learn more about the Co-op and its operations, our community and the diverse needs it reflects, and my responsibilities as a Board member by pursuing educational opportunities.

III. Conflict of Interest

I affirm that, to the best of my knowledge, neither I, nor any of my affiliates (hereinafter defined) have any financial or other personal interest, direct or indirect, that is incompatible with the proper discharge of my fiduciary duties as a member of the Board of Directors of MFC or would tend to impair my independence, judgment or action in performance of my duties as Director, except as described below. I further affirm that, to the best of my knowledge, neither I nor any of my affiliates is an officer or managing agent of any municipal, state, federal, or private granting or contracting entity that provides or receives funds or other benefits to or from MFC, except as described below. As used herein, I understand the term "affiliate" to mean any relative, business or professional partner or associate, or other person or entity (including without limitation any corporation or partnership in which I have a personal or financial interest) with whom I have any significant relationship.

Conflict Disclosure:

(Continue on other side if needed)

As a Co-op Director, I agree to abide by this Statement of Agreement. I agree that if, in the opinion of the 2/3 majority of remaining Co-op Directors, I have violated the letter or spirit of this agreement that I shall either resign my position on the Board or understand that I will be removed from the Board immediately.

Printed Name of Co-op Director

Signature of Co-op Director

Date

Why a Source Document?

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

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

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

What Policy Governance is NOT!

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

What Policy Governance IS!

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

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

Principles of Policy Governance

1. Ownership: The Board connects its authority and accountability to those who morally if not legally own the organization—if such a class exists beyond the Board itself—seeing its task as servant-leader to and for that group. “Owners,” as used in the Policy Governance model, are not all stakeholders, but only those who stand in a position corresponding to shareholders in an equity corporation.

2. Governance Position: With the ownership above it and operational matters below it, governance forms a distinct link in the chain of command or moral authority. Its role is commander, not advisor. It exists to exercise that authority and properly empower others rather than to be management's consultant, ornament, or adversary. The Board—not the staff—bears full and direct responsibility for the process and products of governance, just as it bears accountability for any authority and performance expectations delegated to others.

3. Board Holism: The Board makes authoritative decisions directed toward management and toward itself, its individual members, and committees only as a total group. That is, the Board's authority is a group authority rather than a summation of individual authorities.

4. Ends Policies: The Board defines in writing the (a) results, changes, or benefits that should come about for specified (b) recipients, beneficiaries, or otherwise defined impacted groups, and (c) at what cost or relative priority for the various benefits or various beneficiaries. These are not all the possible "side benefits" that may occur, but those that form the purpose of the organization, the achievement of which constitutes organizational success. Policy documents containing solely these decisions are categorized as "Ends" in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.

5. Board Means Policies: The Board defines in writing those behaviors, values-added, practices, disciplines, and conduct of the Board itself and of the Board's delegation/accountability relationship with its own subcomponents and with the executive part of the organization. Because these are non-ends decisions, they are called "Board means" to distinguish them from ends and staff means. In describing the Policy Governance model, documents containing solely these decisions are categorized as Governance Process and Board-Management Delegation, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.

6. Executive Limitations Policies: The Board makes decisions with respect to its staff's means decisions and actions only in a proscriptive way in order simultaneously (a) to avoid prescribing means and (b) to put off limits those means that would be unacceptable even if they work. Policy documents containing solely these decisions are categorized as "Executive Limitations" in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.

7. Policy "Sizes": The Board's decisions in Ends, Governance Process, Board-Management Delegation, and Executive Limitations are made beginning at the broadest, most inclusive level and, if necessary, continuing into more detailed levels that narrow the interpretative range of higher levels, one articulated level at a time. These documents—which replace or obviate Board expressions of mission, vision, philosophy, values, strategy, and budget—are called policies in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.

8. Delegation to Management: If the Board chooses to delegate to management through a chief executive officer, it honors the exclusive authority/accountability of that role as the sole connector between governance and management.

9. Any Reasonable Interpretation: In delegating further decisions—beyond the ones recorded in Board policies—the Board grants the delegatee the right to use any reasonable interpretation of those policies. In the case of Ends and Executive Limitations when a CEO exists, that delegatee is the CEO. In the case of Governance Process and Board-Management Delegation, that delegatee is the CGO (chief governance officer) except when the Board has explicitly designated another Board member or Board committee.

10. Monitoring: The Board monitors organizational performance through fair but systematic assessment of whether a reasonable interpretation of its Ends policies is being achieved and a reasonable interpretation of its Executive Limitations policies is being avoided. If there is a CEO, this constitutes the CEO's evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands Board actions inconsistent with Policy Governance, the Board creatively uses the consent agenda or other device to be lawful without compromising governance.

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

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

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