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Revised 2017

THE OLD CREAMERY COOPERATIVE, INC.

Policy Governance Manual

The Old Creamery Cooperative, Inc. (the "Co-op") will be governed in accordance with this Policy Governance Manual, which is designed to ensure that each part of the Co-op -- member-owners, board of directors, general manager, and staff -- will understand its role in achieving the Ends set by the member-owners of the Co-op.

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POLICY CATEGORY: Ends
POLICY TITLE: E –Old Creamery Co-op Ends

Through a thriving cooperative enterprise, we encourage a vibrant healthy community and a sustainable local economy, while preserving and enhancing the essential characteristics and values of the former Old Creamery.¹

¹ Terms in this Policy have the meaning assigned to them in Appendix A (Ends, Mission, Values, Principles).

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R – Executive Constraint

The general manager shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, in violation of commonly accepted business and professional ethics and practices, or in violation of the International Cooperative Principles, or contrary to policies or directives of the board.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R1 – Customer Service and Value

The general manager shall be responsive to customer needs and shall ensure a safe shopping experience for the Co-op's customers.

R1.1 The general manager shall establish a system for soliciting and considering customers' opinions, preferences, product requests, complaints and suggestions.

R1.2 The general manager shall assure that customers have access to information and educational opportunities regarding food, nutrition, health, consumer and environmental issues; and

R.1.3 The general manager shall assure that customers are welcomed and valued.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R2 – Staff Treatment

The general manager shall ensure that paid staff and volunteers are treated fairly and addressed with respect, will give clear directions to staff, and will provide a safe working environment.

Accordingly, the general manager shall:

R2.1 Neither cause nor allow discrimination based on race, religion, color, creed, gender, political affiliation, sexual orientation, gender identity/gender expression, national origin, sex, age, marital/parental status, veterans status, or mental or physical disability;

R2.2 Develop and maintain written personnel policies that:

R2.2.1 Establish clear rules for staff;

R2.2.2 Provide a procedure by which staff grievances of any reasonable type can be fairly and thoroughly reviewed;

R2.2.3 Are accessible to all staff;

R2.2.4 Inform staff that employment is neither permanent nor guaranteed; and

R2.2.5 Inform staff that and hours, compensation, and benefits may be modified or eliminated if necessary to maintain the Co-op's Financial Condition (L4).

R2.3 Ensure that personnel policies are consistently applied;

R2.4 Ensure that all recruitment efforts make clear that the Old Creamery Co-op values excellence and diversity in hiring and is an equal opportunity employer (EOE).

R2.5 Generate descriptions for positions and job responsibilities;

R2.6 Provide training to staff in the responsibilities of their positions;

R2.7 Inform staff about opportunities to apply for open positions;

R2.8 Make sure that staff are aware of channels and processes for communicating workplace issues and concerns;

R2.9 Develop and maintain a system for regular evaluation of employee performance;

R2.10 Engage an external professional to (a) design a staff survey that monitors all items in the staff treatment and staff compensation policies for which staff perceptions are relevant, (b) conduct the survey, (c) interpret the results, and (d); report the results to the general manager and board of directors; and

R2.11 Provide for adequate documentation, security, and retention of personnel records and all personnel-related decisions.

The personnel committee of the board shall monitor compliance with this policy by means of a periodic staff survey, and the general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R3 – Staff Total Compensation

R.1 The general manager shall ensure that all staff and applicants for staff positions understand that employment at the Co-op is not permanent and that hours, wages, and benefits may be modified or eliminated if necessary to maintain the Co-op's Financial Condition (R4).

R3.2 The general manager shall develop a schedule of staff wages and benefits consistent with Co-op values and shall clearly communicate it to all staff and applicants for staff positions. In developing the schedule, the general manager shall:

R3.2.1 Consider current market conditions for wages and benefits for similar positions;

R3.2.2 Ensure that wages and benefits are internally equitable;

R3.2.3 Base the schedule on credible revenue projections; and

R3.2.4 Ensure that wages and benefits do not consume an excessive share of revenues relative to other similar businesses in similar circumstances.

R3.3 The general manager shall develop a plan for working toward the payment of living wages to Co-op staff using the Cooperative Living Wage methodology and guidelines.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R4 – Financial Condition

The general manager shall ensure that the financial condition and activities of the Co-op do not put the Co-op in fiscal jeopardy, and that expenditures do not materially deviate from the budget and business plan approved by the board, except as expressly authorized by the board of directors. If the general manager knows or has reason to believe that a breach of any standard listed below has occurred or will occur, he or she shall immediately bring it to the attention of the board.

Accordingly, the general manager shall ensure that:

R4.1 The Co-op does not incur indebtedness other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of business, except as otherwise specifically authorized by the board;

R4.2 Restricted or reserve funds are designated as such and are not used for any purpose other than that specified by the board for each such fund;

R4.3 Payroll, debts, and taxes are paid in a timely manner and contractual obligations are carried out;

R4.4 No substantial expenditures for property or equipment maintenance, repair, or capital improvements are made without obtaining cost estimates and evaluating them for price, quality and convenience; maintenance, repair, and capital expenses in excess of \$5,000 require review and authorization by the board;

R4.5 No expenditures that are extraordinary or not reasonably necessary to accomplish board policies on Ends are made;

R4.6 Operations generate an adequate net income;

R4.7 Sales growth equals or exceeds the regionally adjusted rate of inflation;

R4.8 Liquidity (the ability to meet cash needs in a timely and efficient fashion) is sufficient;

R4.9 The Co-op is solvent (that is, it has the net assets needed to remain in business);

R4.10 The Co-op's financial record-keeping systems are adequate, and all accounting done for the Co-op conforms with Generally Accepted Accounting

Principles; and

R4.10 No real estate is acquired, encumbered, or disposed of without prior approval by the board.

The general manager shall submit monthly written reports (balance sheet and profit and loss statement) to the board for its review. The board shall select a third-party disinterested expert who shall prepare written reports (review, audit and financial analysis) as requested by the board.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R5 – Business Planning and Budgeting

The general manager shall generate, for board review and approval, a multi-year business plan and a budget that are consistent with the board's priorities regarding Ends. The business plan shall contain credible projection of revenues and expenses, member-owner investment return, separation of capital and operational items, and cash flow. It shall state the planning assumptions on which it is based.

The general manager shall ensure that the business plan and budget:

R5.1 Do not risk causing a default under any of the Co-op's financing agreements or causing the breach of any standard listed in R-4;

R5.2 Have been tested for feasibility; and

R5.3 Provide for board prerogatives during the year as set forth in the Cost of Governance Policy (G7).

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R6 – Asset Protection

The general manager shall ensure that the Co-op's assets are protected, not subjected to unreasonable risk, and adequately maintained.

The general manager will:

R6.1 Ensure that equipment and facilities are adequately insured or otherwise able to be replaced if damaged or destroyed;

R6.2 Ensure that the Co-op is adequately insured for losses incurred due to business interruption;

R6.3 Ensure that the Co-op has adequate insurance to protect the Co-op, its staff, and its directors and officers from claims of liability;

R6.4 Ensure that the premises and property of the Co-op are adequately secured and maintained;

R6.5 Ensure that the Co-op's data, intellectual property, and files are protected from loss, theft or significant damage, and that the Co-op's liability insurance coverage includes liability for improper usage of members' and customers' personal information;

R6.6 Control purchasing;

R6.7 Use due diligence in contracts and real estate acquisitions;

R6.7 Protect the Co-op's public image;

R6.8 Ensure that the receipt, processing, and disbursement of funds are carried out under controls satisfactory to the accountant or auditor appointed by the board;

R6.9 Establish written procedures regarding the handling of cash and ensure strict compliance with those procedures;

R6.10 Deposit the Co-op's funds only in institutions where they are fully protected, unless otherwise specifically approved by the board; and

R6.11 Assure that the Co-op's conflict of interest policy is complied with in all transactions.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved, and the board shall arrange for review or audit by a third-party disinterested person as needed.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R7 – Communication by the General Manager to the Board

The general manager shall ensure that the board is informed and supported in its work.

The general manager shall:

R7.1 Submit monitoring data that is timely and accurate, and that contains operational definitions and verifiable data directly related to the relevant section of this document.

R7.2 Report in a timely manner any actual or anticipated noncompliance with any policy of the board with a plan for reaching compliance;

R7.3 Inform the board of legal actions by or against the Co-op, relevant trends, media coverage, and public events of the Co-op, as well as internal and external changes that affect the assumptions upon which board policy is based;

R7.4 Inform the board when he or she believes the board is not complying with its own policies on Governance Process (G1- 8) or Delegation to the General Manager (M3), particularly when the board behavior is detrimental to the work relationship between the board and the general manager; and

R7.5 Not 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.

R7.6 Timely supply the Board with appropriate information and documentation relating to decisions that, by law, regulation, or contract, require board approval.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R8 – Logistical Support for the Board

The general manager will ensure that the board has adequate logistical support.

The general manager shall:

R8.1 Provide the board with sufficient staff administration to support governance activities and board communication;

R8.2 Provide to the board a workable mechanism for official board, officer and committee communications;

R8.3 Provide board members with a current copy of this Policy Manual and the Co-op's bylaws;

R8.4 Provide adequate information and notice to members concerning board actions, meetings, activities and events;

R8.5 Provide timely notice to board members of information required to access available cooperative business and professional development resources; and

R8.6 Provide for archiving of board documents in a manner satisfactory to the board.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R9 – Emergency Management

The general manager shall have a plan for emergency management succession.

Accordingly, the general manager shall:

R9.1 Establish a “chain of command” to be used when the general manager is unable to serve (planned or emergency absence);

R9.2 Inform the board of the "chain of command" and require the next-in-charge to attend at least one board meeting per year.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R10 – Cooperation With Other Cooperatives,
Cooperative Development Organizations, and Local
Businesses and Organizations

The general manager shall work with our neighboring co-ops, cooperative development organizations, local businesses, and organizations that operate with similar values for the benefit of ourselves and the community. The general manager shall ensure that the Old Creamery Co-op is appropriately active in local, regional and national cooperative development organizations and that staff, volunteers, and/or board members have an opportunity to participate if appropriate.

The general manager shall:

R10.1 Assign a designated representative to all organizations in which the Old Creamery Co-op has an equity position;

R10.2 Provide notice of events and activities convened by organizations of which the Old Creamery Co-op is a member so that staff, volunteers and/or board members have an opportunity to participate as appropriate; and

R10.3 Publicly promote the impact of the Old Creamery Co-op's relationship with local, regional and national organizations to demonstrate the value of our investment of time into this activity.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R11 – Membership Rights and Responsibilities

The general manager shall ensure that members are correctly informed about their rights and responsibilities, which are described in the Co-op's bylaws.

The general manager will:

R12.1 Keep adequate records of member-owners, their addresses and other needed information, and their equity payments.

R12.2 Establish a system to ensure that access to such records is limited to designated individuals and that the records are secure.

R11.3 Ensure that member equity is paid in full in accordance with the terms approved by the board.

R11.4 Ensure that prospective member-owners are informed that their equity investments are at risk.

R11.5 Ensure that prospective member-owners are informed that although member-owner equity is generally refundable, the board retains the right to withhold refunds when necessary to protect the Co-op's financial viability or contractual obligations.

R11.6 Present the board with information and a range of options so that the board can make a timely determination whether, in compliance with IRS regulations, any of the Co-op's net profit will be allocated and distributed to members and if so, how much.

R11.7 Design and implement a patronage dividend system adequate to promptly and properly any patronage dividend paid by the Co-op.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Executive Responsibilities
POLICY TITLE: R13 - Code of Conduct

The general manager will engage only in ethical, lawful and businesslike conduct, including proper use of authority and appropriate decorum.

Accordingly:

R5.1 The general manager shall:

R5.1.1 Be aware of and comply with the Co-op's bylaws;

R5.1.2 Be aware of and comply with the Co-op's policies, including its conflicts of interest policy;

R5.1.3 Perform her or his duties in good faith and with such care as an ordinarily prudent person in a like position would use under similar circumstances;

R5.1.4 Deal with Co-op matters with complete honesty and personal integrity;

R5.1.5 Be open and impartial in considering all issues and matters;

R5.1.6 Research issues and seek additional expertise where needed;
and

R5.1.8 Prepare for and attend all board meetings unless otherwise directed and notify the board president when an absence is unavoidable.

The general manager shall submit to the board for its review an annual written report describing the extent to which this policy has been achieved.

POLICY CATEGORY: Governance Process
POLICY TITLE: G – Governance Commitment

The purpose of the board, acting on behalf of the member-owners of the Co-op, is to see to it that the Co-op: (1) achieves appropriate results for member-owners, customers, staff, volunteers, and the larger community, at an appropriate cost and (2) avoids unacceptable actions, situations, and outcomes described elsewhere in these policies.

POLICY CATEGORY: Governance Process
POLICY TITLE: G1 – Governing Style

The board shall govern in a way that (1) emphasizes future vision, (2) emphasizes initiative and strategic leadership rather than operational detail, (3) clearly distinguishes between board and management roles, and (4) deliberates in many voices but governs in one voice.

Accordingly:

G1.1 The board shall direct the Co-op through careful establishment of written policies reflecting the board's values about Ends to be achieved and means to be avoided, with a focus on intended long-term effects.

G1.2 The board shall cultivate a sense of group responsibility for excellence in governing, enforcing upon itself whatever discipline is needed in matters such as attendance, preparation, policy-making principles, and respect of roles. The board shall not allow a director or committee to hinder the fulfillment of board commitments or policies.

G1.3 The board shall monitor and discuss the board's process and performance regularly, and shall compare board activity and discipline with board policies on Governance Process (G1-8) and Relationship of Board and General Manager (M1-4).

The board shall annually review the extent to which this policy has been achieved, with the general manager, as appropriate.

POLICY CATEGORY: Governance Process
 POLICY TITLE: G2 – Board Job Description

The job of the board is to represent the member-owners in determining and demanding appropriate performance by the Co-op, within the boundaries presented by the bylaws.

Accordingly:

G2.1 The board shall establish lines of communication with member-owners to establish a feedback loop. The board shall educate itself regarding the values held by member-owners and report periodically to the member-owners on the board's activities, decisions, and compliance with board policies on Governance Process (G1-8) and Relationship between Board and General Manager.

G2.2 The board shall enact written policies that guide the Co-op in four areas:

G2.2.1 Ends: what products, effects, benefits, and outcomes will be provided to which recipients at what cost;

G2.2.2 Executive Responsibilities: Constraints on executive authority that establish the boundaries of prudence and ethics within which all executive activity and decisions must take place;

G2.2.3 Governance Process: Specification of how the board conceives, carries out, and monitors its own tasks, as defined in the bylaws and these policies; and

G2.2.4 Relationship of Board and General Manager: How power is delegated and its proper use monitored; the role, authority, and accountability of the general manager role;

G2.3 The board shall hire, compensate, delegate responsibility, and hold accountable the general manager. The board shall ensure, through monitoring and other evaluation methods, that the performance of the general manager accomplishes and is in accord with board policies on Ends and Executive Responsibilities (G2.2.1 and G2.2.2); and

G2.4 The board shall perpetuate its leadership capacity through recruitment, training, and education, including monitoring and self-evaluation.

G2.5 The board will perform all other duties required by law or the bylaws or required because of limitations on the general manager's authority.

The board shall monitor this policy annually through board self-evaluation.

POLICY CATEGORY: Governance Process
POLICY TITLE: G3 – Agenda Planning

To accomplish its job using a governance style consistent with board policies, the board shall annually follow an agenda that (1) re-explores Ends policies and connections with member-owners, (2) continually improves board performance through board education and enriched input and deliberation, and (3) ensures efficient use of board meeting time and input from and prior review by all directors.

Accordingly:

G3.1 The board's annual governance cycle shall start with the board's development in November of its agenda for the next year. The board calendar shall include all board events such as membership meetings, board training, board monitoring schedule, and board review of specific policies. The calendar shall be reviewed on a regular basis.

G3.2 At the end of each board meeting, the board's current policy discussion and the annual calendar shall provide the basis for determining the broad outlines of the next meeting's agenda. The following process shall be used to determine the board's agenda:

G3.2.1 In the interim before the next meeting, directors shall review the designated policy areas scheduled for the "next agenda" and consider whether there are policies they would like to see added, modified, or deleted.

G3.2.2 The board president shall produce an agenda for the next board meeting. Urgent items that show up in the interim and require board attention may also be included.

G3.2.3 The written reports of the general manager shall be included on a "proposed agenda" discussion as necessary.

G3.2.4 The agenda and all reports shall be included in the next board packet.

G3.2.5 The agenda, as so determined, may be modified by the board at the beginning of the next meeting.

The board shall monitor its compliance with this policy annually through board self-evaluation.

POLICY CATEGORY: Governance Process
POLICY TITLE: G4 – Role of the Board President

The board president assures the integrity of the board's process and represents the board to outside parties.

Accordingly:

G4.1 The board president's job is to ensure that the board behaves consistently according to the Co-op's bylaws, the board's own rules, and those legitimately imposed upon it from outside the Co-op and to see to it that:

G4.1.1 Board meetings cover issues that, according to board policy, clearly belong to the board to decide, not the general manager or a committee; and

G4.1.2 Deliberation is fair, open, and thorough, but also timely, orderly, and kept to the point. The board endeavors to reach consensus.

G4.2 The board president is authorized to make decisions falling within board policies on Governance Process (G1-8) and Relationship of Board and General Manager (M1-4), except where the board specifically delegates portions of this authority to others. The board president is authorized to use any reasonable interpretation of the provisions in these policies. In particular, the board president shall:

G4.2.1 Chair board meetings, with all the commonly accepted power of that position.

G4.2.2 Develop the board budget specified in G7.2.

G4.2.3 When her or his term is ending, solicit interested and willing directors to compose an initial slate of officers for the next year. That slate shall be presented at the first full board meeting following the annual membership meeting. A new board president shall be elected by the board at the annual board meeting, and the new president shall ensure that officers are elected by the board at that time. Should an officer position become vacant at a later time, the board shall elect a replacement officer.

G4.2.4 Acquire the necessary data and create an internal report disclosing board compliance with policies on Governance Process (G1-8) and Relationship of Board and General Manager (M1-4) for the annual report to member-owners.

G4.2.5 Represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within areas delegated to her or him. The board president may delegate this authority but remains accountable for its use.

G4.3 The board president has no authority to make decisions about board policies on Ends or Executive Responsibilities.

G4.3.1 The board president has no authority to supervise or direct the general manager except as explicitly authorized by the board.

G4.4 When possible, the board agenda will identify matters that will be dealt with in executive session.

The board shall monitor its compliance with this policy annually through board self-evaluation.

POLICY CATEGORY: Governance Process
POLICY TITLE: G5 – Directors' Code of Conduct

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

Accordingly:

G5.1 Directors shall:

G5.1.1 Show unconflicted loyalty to the interests of the membership as a whole, superseding other conflicting loyalties;

G5.1.2 Be aware of and comply with the Co-op's bylaws;

G5.1.3 Be aware of and comply with the Co-op's policies, including its conflict of interest policy;

G5.1.4 Perform board duties in good faith and with such care as an ordinarily prudent person in a like position would use under similar circumstances;

G5.1.5 Deal with Co-op matters with complete honesty and personal integrity;

G5.1.6 Be open and impartial in considering all issues and matters;

G5.1.7 Research issues and seek additional expertise where needed;
and

G5.1.8 Prepare for and attend all board meetings and notify the board president when an absence is unavoidable.

G5.2. Directors do not have, and will not attempt to exercise, individual authority over the Co-op, its general manager or staff, except as explicitly set forth in board policies or the bylaws or authorized by the board.

G5.2.1 In interactions with the public, press, member-owners, or other entities, directors have no authority to speak for the board except to repeat explicitly stated board decisions.

G5.2.2 Directors shall give no consequence or voice to individual judgments of the performance of the general manager or staff.

G5.3 Directors shall respect the need for confidentiality regarding issues of a sensitive nature, and must continue to honor this confidentiality after leaving the board. All personnel, real estate, marketing, legal, strategic planning, and financial matters shall be considered sensitive issues subject to directors' good faith and discretion unless or until otherwise specifically determined by the board.

G5.4 At all times directors shall recognize that they project an image as a representative of the Co-op and shall conduct themselves in a professional manner that fosters confidence and reflects positively on the Co-op, its member-owners, and its staff.

G5.5 Every director shall support the legitimacy and authority of the board's decisions, in private and in public, regardless of the director's personal position on the issue.

The board shall monitor its compliance with this policy annually through board self-evaluation.

POLICY CATEGORY: Governance Process
POLICY TITLE: G6 – Board Committee Principles

Board committees, when used, shall be assigned so as to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to general manager.

Accordingly:

G6.1 The purpose of board committees is to help the board do its job, not to help or advise staff. Their work is limited to those tasks specifically delegated to them by the board.

G6.1.1 Board committees may be either standing committees that persist or ad hoc committees formed for a particular purpose and later dissolved. Policies under G6 apply to both.

G6.1.2 Standing board committee responsibilities shall be established in a written committee charter approved by the board. Changes to a committee charter must be approved by the board. Responsibilities of ad hoc committees shall be clearly defined in the board minutes.

G6.1.3 Board committees report solely to the board and only as specified by the board in the committee charter.

G6.1.4 Board committee chairs are appointed by the board (see G4.2.3). Directors may serve on any board committee of their choosing, and non directors may serve at the discretion of the committee chair, unless otherwise stated in the committee charter, by board directive, or by the Co-op's bylaws.

G6.1.5 Board committees ordinarily assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board's focus on governance, board committees normally do not deal with current staff operations.

G6.1.6 Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated so as not to conflict with authority delegated to the general manager.

G6.1.7 Board committees cannot exercise authority over staff. Because the general manager works for the full board, he or she shall not be required to obtain approval of a board committee before taking an executive action.

G6.2 Board committee chairs shall ensure the integrity of the committee and its process. Board committee chairs are appointed by the board (see G4.2.3) and shall:

G6.2.1 Preside over committee meetings, determine the committee's agenda, and coordinate work to complete the committee's tasks effectively;

G6.2.2 Ensure the establishment of the committee budget as necessary, and the subsequent monitoring of this budget;

G6.2.3 Ensure that committee minutes, budgets, and reports are maintained and included in the board packet;

G6.2.4 Add pertinent committee proposals to the board agenda, when they have been thoroughly discussed and researched by the committee;

G6.2.5 Ensure that the committee and its members are in compliance with board policies and the committee charter; and

G6.2.6 Ensure that important committee documents are preserved in a centralized location for use by subsequent committee members or chairs.

The board shall monitor its compliance with this policy annually through board self-evaluation.

POLICY TYPE: Governance Process
POLICY TITLE: G7 – Cost of Governance

Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.

Accordingly:

G7.1 Board skills and methods will be sufficient to assure governing with excellence.

G7.1.1 Training will be used to orient new directors and Board candidates, as well as to maintain and increase skills of existing directors.

G7.1.2 Outside monitoring assistance will be arranged as needed so the Board can exercise confident control over organizational performance. This includes but is not limited to fiscal review or audit.

G7.1.3 Outreach will occur as needed to link the board to member-owner viewpoints and values.

G7.2 Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.

G7.2.1 Costs may include but are not limited to: training, such as consultants and attendance at conferences and workshops; external, third-party monitoring of organizational performance, such as audits and legal advice or reviews; outreach costs to link with members, such as surveys, forums, focus groups, and the annual membership meeting; and board perpetuation costs, such as meeting support, recruiting, and elections costs.

This policy will be monitored annually through the Board self-evaluation.

POLICY TYPE: Governance Process
POLICY TITLE: G8 – Cooperation Among Cooperatives, Cooperative Development Organizations, and Local Businesses and Organizations

The board shall work with our neighboring co-ops, cooperative development organizations, and local businesses and organizations for our mutual benefit. The board shall ensure the Old Creamery Co-op is appropriately active in local, regional and national cooperative development organizations.

This policy will be monitored annually by the board president.

POLICY CATEGORY: Relationship of General Manager and Board
POLICY TITLE: M – Relationship of General Manager and Board

The board's sole official connection to the operations of the Co-op, its achievements and conduct, shall be through the general manager.

POLICY CATEGORY: Relationship of General Manager and Board
POLICY TITLE: M1 – Unity of Control

Only decisions of the board acting as a body are binding on the general manager except as otherwise specified in this policy.

Accordingly:

M1.1 Decisions or instructions of individual directors or committees are not binding on the general manager except in rare instances when the board has specifically authorized such exercise of authority.

M1.2 The general manager may refuse requests for information or assistance from directors or committees that, in the general manager's opinion, require a material amount of staff time or funds, or are disruptive, unless the board has authorized those requests.

The board shall monitor its compliance with this policy annually through board self-evaluation.

POLICY CATEGORY: Relationship of General Manager and Board
POLICY TITLE: M2 – Accountability of the General Manager

The general manager is the board's only link to the operations of the Co-op. The general manager has the sole authority over and accountability for staff, as far as the board is concerned. Accordingly:

M2.1 The board shall never give instructions to persons who report directly or indirectly to the general manager.

M2.2 The board shall refrain from evaluating, either formally or informally, any staff other than the general manager.

M2.3 The board will view the performance of the general manager as identical to the performance of the Co-op, so that the Co-op's accomplishment of board stated Ends in compliance with Executive Responsibilities will be viewed as successful performance by the general manager.

The board shall monitor its compliance with this policy annually through board self-evaluation.

POLICY CATEGORY: Relationship of General Manager and Board
POLICY TITLE: M3 – Delegation to the General Manager

The board shall instruct the general manager through written policies that prescribe the Ends to be achieved by the Co-op and describe the responsibilities of the general manager. The general manager may use any reasonable interpretation of these policies.

Accordingly:

M3.1 The board shall develop policies instructing the general manager to achieve certain results, for certain recipients, at a specified cost. These policies shall be developed systematically from the broadest, most general level to more defined levels and shall be called board policies on Ends.

M3.2 The board shall develop policies that limit the latitude the general manager may exercise in choosing the means used to achieve Ends. These policies shall be developed systematically from the broadest, most general level to more defined levels and shall be called board policies on Executive Responsibilities.

M3.3 As long as the general manager uses any reasonable interpretation of the board policies on Ends and Executive Responsibilities, the general manager is authorized to establish all further procedures, make all decisions, take all actions, establish all practices, and develop all activities.

M3.4 The board may change its policies on Ends and Executive Responsibilities, thereby shifting the boundary between the domains of the board and the general manager. By doing so, the board may change the latitude of choice given to the general manager. But as long as any particular delegation is in place, the board shall respect and support the general manager's choices.

The board shall monitor its compliance with this policy annually through board self-evaluation.

POLICY CATEGORY: Relationship of the General Manager and Board
 POLICY TITLE: M4 – Monitoring the General Manager's Performance

Systematic and rigorous monitoring of the general manager's job performance shall be solely against accomplishment by the Co-op of the board's policies on Ends and operation of the Co-op within the boundaries established in the board's policies on Executive Responsibilities.

Accordingly:

M4.1 Monitoring is simply to determine the degree to which board policies are being met, and data not meeting this criterion shall not be considered.

M4.2 The board shall acquire monitoring data by one or more of three methods:

M4.2.1. By a report provided by the general manager to the board regarding compliance with the board's policies.

M4.2.2. By a report from an external, disinterested third party selected by the board to assess compliance with the board's policies.

M4.2.3. By direct board inspection, in which a designated director or directors assess compliance with the appropriate policy criteria.

M4.3 The standard for compliance shall be any reasonable interpretation by the general manager of the board policy being monitored.

M4.4 All policies that instruct the general manager shall be monitored at a frequency and by a method described in this Policy Manual or chosen by the board. The board may monitor any policy at any time by any method but shall ordinarily depend on the following routine schedule:

E – Co-op Ends: December and January

L – Executive Constraint: September

L1 – Customer Service and Value: October

L2 – Staff Treatment: April

L3 – Staff Compensation and Benefits: April

L4 – Financial Condition: May, August, November, and February (4th quarter ending quarterly reports)

L5 – Business Planning and Financial Budgeting: May

L6 – Asset Protection: March; if by a disinterested third party, as determined by the board

L7 – Communication to the Board: June

L8 – Board Logistical Support: June

L9 – Emergency Management: June

L10 – Cooperation with Other Cooperatives and Organizations: March

M4.5 There are two general ways to measure conformance with board policies:

M4.5.1 Measuring compliance with requirements is appropriate for policies that require full compliance for effective operation of the Co-op. These policies are typically financial in nature, and monitoring reporting provides a Yes/No answer with summary information.

M4.5.2 Measuring incremental progress towards long-term outcomes is appropriate for policies that are visionary in nature. These policies are typically Ends policies, and reports regarding progress require prior establishment of (1) a baseline or history for comparison, (2) a reliable and credible measurement technique, and (3) a short-term (12-month) target.

M4.6 The compensation and benefits of the general manager shall be decided by the board in December after its review of all monitoring reports pertaining to the prior fiscal year.

The board shall review compliance with this policy annually.

APPENDIX A

Ends, Mission, Values, Principles

Ends

Through a thriving cooperative enterprise, we encourage a vibrant healthy community and a sustainable local economy. We define “our community” as including:

1. Co-op member-owners
2. Non-member customers
3. Co-op staff and their families
4. Local suppliers
5. Local residents (including seasonal residents)
6. Local businesses
7. Local organizations (including non-profit organizations, civic associations, and local governments)
8. Larger cooperative community
9. Past and future generations of Old Creamery Co-op members and customers
10. The living landscape, wildlife and natural systems that sustain us in our unique and beautiful Hilltowns.

Mission

The Old Creamery Co-op is a retail store and café offering conventional, local, natural, and organic products to meet our customers’ need for quality and convenience at a fair price. The Co-op supports the local economy by employing local people and selling local products whenever possible. The Co-op is a hub of activity and a social gathering place where dialogue and education are valued and fostered. We promote local and regional production, practice environmental sustainability, and welcome and reflect diversity. The Co-op is open to all.

Values

The Old Creamery Co-op believes that communities are vital, healthy and sustainable to the degree that they are:

Connected and Communicative:

1. Members conscientiously foster and support the positive aspects of the community.
2. Members come together to discuss and solve problems affecting the community.

3. Members are aware and responsive to the needs of the community.
4. The community creates time and spaces to gather, support and celebrate each other.

Inclusive and Supportive:

1. All community members are respected and respectful and value difference.
2. Members remain open to new ideas and perspectives about the community.
3. Members appreciate and foster the diversity of the community.
4. Visitors to the community feel welcomed and appreciated.

Interdependent and Resilient:

1. Natural and agricultural resources and cultural heritage are valued, protected and conserved.
2. Working lands and wild lands are recognized as essential elements of the community.
3. Members who live in, work in, or visit the community value the contribution each makes towards the overall health of the community.
4. The “triple bottom line”, meaning planet, people and profitability, is used to assess the Co-op’s contribution to the community.

Thriving and Dynamic:

1. The community offers jobs with working conditions that are safe and respectful, and that allow people to care for and provide for themselves and their families.
2. Members assume responsibility for one another and ensure that all are nourished, sheltered, safe, and cared for.
3. Community members have the skills and knowledge necessary to achieve personal growth and satisfaction and contribute to the community.
4. The community respects and nurtures innovation while respecting the wisdom of the past.

Principles

The International Cooperative Alliance has established the following principles under which consumer cooperatives generally operate. The Old Creamery Co-op uses these guidelines to put our values into practice.

Voluntary and Open Membership- Co-operatives 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.

Democratic Member Control- Co-operatives 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 co-operatives such as the Creamery, members have equal voting rights (one member, one vote); co-operatives at other levels are also organized in a democratic manner.

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

Autonomy and Independence – Co-operatives 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 co-operative autonomy.

Education, Training and Information – Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

Cooperation Among Cooperatives - Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for Community- Co-operatives work for the sustainable development of their communities through policies approved by their members.