

Central Co-op

GOVERNANCE POLICIES

APPROVED FEBRUARY 23, 2016

POLICY REVISIONS:

Revised Policy Type: Ends (Policy Title: A – Global End) Approved January 29, 2018

Gender Language Changes: (Policy B6.5; B7.4; D5.1; D6.4) Approved January 29, 2018

Board Materials Deadline Change: (Policy D3.4) Approved November 18, 2024

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Central Co-op Board of Trustees'
Policy Register

Approved February 23, 2016
Policy Type: Ends (Policy Title: A – Global End) Approved January 29, 2018
Gender Language Changes: Approved January 29, 2018
Board Materials Deadline Change: Approved November 18, 2024

Policy Type: Ends

Policy Title: A – Global Ends

As a solidarity co-op, Central Co-op is a community of communities that:

- A.1** builds a resilient, just, and healthy food economy,
- A.2** nurtures a diverse membership through inclusive participation,
- A.3** develops economic opportunities and livelihoods through the cooperative movement and our cooperative principles,
- A.4** and, solidifies our influence by being a reliable, trusted, and informed organization.

Revised Policy Type: **Ends (Policy Title: A – Global End)** Approved January 29, 2018

Policy Type: Executive Limitations

Policy Title: B – Global Executive Constraint

The CEO (Cooperative Executive Officer) shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, or in violation of the Central Cooperative Principles.

Policy Type: Executive Limitations

Policy Title: B1 – Financial Condition and Activities

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

The CEO shall not:

- B1.1** Allow operations to generate an inadequate net income.
- B1.2** Allow liquidity to be insufficient or allow a current ratio below 1.25 and a quick ratio below .7.
- B1.3** Allow solvency to be insufficient or allow total debt to equity ratio to exceed 3:1.
- B1.4** Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
- B1.5** Acquire, encumber or dispose of real estate.
- B1.6** Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- B1.7** Allow late payment of contracts, payroll, loans or other financial obligations.
- B1.8** Use restricted funds for any purpose other than that required by the restriction.
- B1.9** Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

Policy Type: Executive Limitations

Policy Title: B2 – Business Planning

The CEO shall not cause or allow business planning to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.

The CEO shall not:

B2.1 Create plans that

B2.1.1 Risk incurring those situations or conditions described as unacceptable in Board policy B1 - Financial Condition and Activities.

B2.1.2 Omit credible projection of revenues and expenses, member investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

B2.1.3 Would result in default under any of Central Co-op's financing agreements or cause the insolvency of Central Co-op.

B2.2 Provide less for Board prerogatives during the year than is set forth in policy D8 - Governance Investment.

Policy Type: Executive Limitations

Policy Title: B3 – Asset Protection

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

The CEO will not:

- B3.1** 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.
- B3.2** Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
- B3.3** Allow deposits or investments to be unreasonably risked.
- B3.4** Allow inadequate security of premises and property.
- B3.5** Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
 - B3.5.1** Allow improper usage of members' and customers' personal information.
 - B3.5.2** Allow improper access to or usage of official records.
- B3.6** Allow purchasing that is uncontrolled or subject to conflicts of interest.
- B3.7** Allow lack of due diligence in contracts.
- B3.8** Allow damage to Central Co-op's public image.
- B3.9** Change the organization's name.
- B3.10** Bias or impair the independence of the Board's audit/review or other external monitoring.

Policy Type: Executive Limitations

Policy Title: B4 – Membership Rights and Responsibilities

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

The CEO will not:

B4.1 Create or implement a member equity system without the following qualities:

B4.1.1 The required member equity, or fair share, is determined by the Board.

B4.1.2 Members are informed that equity investments are a) at risk, and b) generally refundable, though the Board retains the right to withhold refunds when necessary to protect Central Co-op's financial viability.

B4.1.3 Equity will not be refunded if such refunds would lead to a net decrease in total member paid-in equity, or would risk, cause or exacerbate non-compliance with any Financial Condition policy or if there are outstanding debts owed to the cooperative. Debts owed to the Cooperative shall be deducted from any equity sum prior to distribution.

B4.2 Implement a patronage dividend system that does not:

B4.2.1 Comply with IRS regulations or Washington State Law.

B4.2.2 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 Central Co-op's net profit will be allocated and distributed to members.

Policy Type: Executive Limitations

Policy Title: B5 – Treatment of Customers

The CEO shall not be unresponsive to customer needs.

The CEO shall not:

- B5.1** Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions fairly, consistently, respectfully, and in a timely manner.
- B5.2** Allow an unsafe shopping experience for our customers.
- B5.3** Fail to operate facilities with appropriate accessibility.

Policy Type: Executive Limitations

Policy Title: B6 - Staff Treatment and Compensation

The CEO shall not cause or allow treatment of staff in any way that is unfair, unsafe, unclear, or undignified.

The CEO will not:

B6.1 Operate without written personnel policies that:

B6.1.1 Clarify rules for staff.

B6.1.2. Provide for fair and thorough handling of grievances in a way that does not include the Board as a participant in the grievance process.

B6.1.3 Are accessible to all staff.

B6.1.4 Inform staff that employment is neither permanent nor guaranteed.

B6.2 Cause or allow personnel policies to be inconsistently applied.

B6.3 Fail to provide adequate documentation, security and retention of personnel records and all personnel related decisions.

B6.4 Establish compensation and benefits that are internally or externally materially inequitable.

B6.5 Change the CEO's own compensation and benefits, except as their benefits are consistent with a package for all other employees.

Gender Language Changes: **(PolicyB6.5; B7.4; D5.1; D6.4)** Approved January 29, 2018

Policy Type: Executive Limitations

Policy Title: B7 – Communication to the Board

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

The CEO will not:

- B7.1** Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy.
- B7.2** Report any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance, in an untimely manner.
- B7.3** Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of Central Co-op, internal and external changes, or major labor and contractual issues.
- B7.4** Withhold their opinion if the CEO 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 CEO.
- B7.5** 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.
- B7.6** Fail to supply for the Board's consent agenda all decisions delegated to the CEO yet required by law, regulation, or contract to be Board-approved.
- B7.7** Fail to supply both a consolidated income statement and individual income statements for each operational unit.

Gender Language Changes: **(PolicyB6.5; B7.4; D5.1; D6.4)** Approved January 29, 2018

Policy Type: Executive Limitations

Policy Title: B8 –Board Logistical Support

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

The CEO will not:

- B8.1** Provide the Board with insufficient staff administration to support governance activities and Board communication.
- B8.2** Allow the Board to be without workable mechanisms for official board, officer or committee communications including telecommunications, electronic communications, and appropriate space.
- B8.3** Allow Trustees to be without an updated copy of the Policy Register and the Bylaws.
- B8.4** Fail to provide adequate information and notice to members concerning Board actions, meetings, activities and events.
- B8.5** Allow insufficient archiving of Board documents.
- B8.6** Fail to provide the Board access to other legal and contractual documents relevant to governance of the organization.

Policy Type: Executive Limitations

Policy Title: B9 – Emergency CEO Succession

To protect the Board from sudden loss of CEO services, the CEO shall not fail to have a primary succession candidate and a secondary succession candidate sufficiently familiar with Board and CEO issues and processes to enable either to take over with reasonable proficiency as an interim successor.

Policy Type: Executive Limitations

Policy Title: B10 – Business Growth and Development

The CEO shall not fail to ensure sufficient planning and successful implementation of any expansion, remodel/renovation, relocation, or new business development project.

B10.1 The CEO shall not fail to ensure sufficient, professional planning and research on all aspects of a project including financial assumptions, market data, and location analysis.

B10.2 The CEO shall not fail to ensure that member financing, financial institution loans, vendor credit, equipment leasing, landlord financing, and other forms of financing be used in a combination other than that which is economical in the long term for the Co-op including considerations of cost of financing, cost of obtaining financing, and tax implications.

B10.2.1 Any overall plan must include a contingency of at least 10% of the total project cost.

B10.2.2 Project may not rely on an increase of member equity greater than 25% without a detailed, realistic plan for achieving the increase.

B10.3 The CEO may not cause or allow construction or demolition to occur prior to closing of financing.

B10.4 The CEO shall not fail to advise the Board of significant progress toward applicable projects including quarterly revisions of time and sources and uses projections, and timely general updates. The CEO shall not fail to update members as appropriate.

Policy Type: Board-Management Relationship

Policy Title: C – Global Board-Executive Connection

The Board's sole official connection to the operations of Central Co-op will be through the CEO (Cooperative Executive Officer).

Policy Type: Board-Management Relationship

Policy Title: C1 – Unity of Control

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

- C1.1** Decisions or instructions of individual Trustees, officers, or committees are not binding on the CEO except in rare instances when the Board has specifically authorized this power.
- C1.2** In the case of Trustees or committees requesting information or assistance without Board authorization, the CEO can refuse any requests that, in the CEO's opinion, may disrupt operations or that require too much staff time or resources.

Policy Type: Board-Management Relationship

Policy Title: C2 – Accountability of the CEO

The CEO is the Board's only link to operational achievement and conduct so that all authority and accountability of any other staff as far as the Board is concerned is considered the authority and accountability of the CEO.

- C2.1** The Board will view CEO's performance as identical to organizational performance so that Central Co-op's accomplishment of Board-stated Ends and avoidance of Board-proscribed Means will be viewed as successful CEO performance.
- C2.2** The Board will neither directly or indirectly instruct nor formally or informally evaluate any employee other than the CEO.

Policy Type: Board-Management Relationship

Policy Title: C3 – Delegation to the CEO

The Board delegates authority to the CEO through written policies that prescribe the organizational Ends to be achieved and proscribe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

- C3.1** The Board will develop policies instructing the CEO to achieve certain results for certain people, within a specific cost. The policies will be developed systematically from the broadest most general level, to more defined levels, and will be called Ends policies.
- C3.2** The Board will develop policies that limit the latitude the CEO may exercise in choosing the organizational means. The policies will be developed systematically from the broadest most general level, to more defined levels, and will be called Executive Limitation policies.
- C3.3** As long as the CEO uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, practices, and plans and may take all actions for Central Co-op.
- C3.4** The Board will respect and accept the CEO choices as long as those choices are based on reasonable interpretations of Board policies.
- C3.5** If the Board changes an Ends or Executive Limitations policy, the change only applies in the future, and is in effect immediately or at a future date specified by the Board.

Policy Type: Board-Management Relationship

Policy Title: C4 – Monitoring CEO Performance

The Board will systematically and rigorously monitor and evaluate the CEO's job performance. Evaluation shall be solely based upon expected CEO output: accomplishment of board policies on Ends, and operation within the boundaries established in board policies on Executive Limitations.

C4.1 Monitoring is simply how the Board determines the degree to which the CEO is meeting board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.

C4.2 The Board will acquire monitoring information by one or more of the following methods:

C4.2.1 by internal report, in which the CEO discloses interpretations and compliance information to the Board

C4.2.2 by external report, in which a disinterested, third party chosen by the Board and reports directly to the Board, assesses compliance with policies. Such reports must assess the CEO's performance only against policies of the Board, not the standards set by the third party.

C4.2.3 by direct Board inspection, in which a designated board officer or **trustee** committee assesses compliance with the policy criteria. This is a Board inspection of documents, activities or circumstances directed by the Board which allows a "reasonable person" test of policy compliance.

C4.3 In every case, the standard for compliance will be any reasonable CEO's interpretation (as described by operational definitions and metrics) of the Board policy being monitored. The Board is the final arbiter of reasonableness but will always judge with a reasonable person test rather than with interpretations favored by individual Trustees or by the Board as a whole.

C4.4 The CEO is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.

C4.5 The Board will monitor all policies that instruct the CEO. The Board can monitor any policy at any time by any method listed above but

will ordinarily follow the schedule outlined in the Board Annual Calendar.

C4.5.1 Board members are expected to review all monitoring reports received from the CEO. Questions should be shared with the Board and forwarded to the Board Chair, who will discuss them with the CEO. Monitoring reports not received in a timely fashion will be postponed for acceptance at the next Board meeting.

C4.6 The Board's annual evaluation of the CEO will be completed by the next regular Board meeting in March.

C4.7 The principles of the evaluation process will be a) the Board speaks with one voice, b) no surprises, and c) mutually agreed upon process, and d) confidentiality.

Policy Type: Board Process

Policy Title: D – Global Governance Commitment

Acting on behalf of our members, the Board ensures that Central Co-op produces benefit and value for our community under the guidance of the International Cooperative Alliance's Cooperative Identity Statement and Values, and the Central Co-op Principles while avoiding unacceptable actions and situations.

Policy Type: Board Process

Policy Title: D1 – Governing Style

The Board will approach its work in accord with all relevant governmental regulations and laws as well as our own Articles, Bylaws, and the Central Co-op principles in a style which emphasizes:

- A. Strategic Leadership more than administrative detail;
- B. Accountable Empowerment;
- C. Effective Teaming;
- D. Clear distinction of board and staff roles;
- E. The future instead of the past or present;
- F. Pro-activity rather than reactivity;
- G. Diversity of viewpoints;
- H. Planning for meaningful growth and impact;
- I. An abundance mentality instead of a scarcity mentality;
- J. Courage;
- K. Focus and discipline.

In this spirit:

- D1.1** The Board will direct, control, and inspire the organization through careful establishment of broad written policies reflecting the Board's values and perspectives about Ends to be achieved and means to be avoided, with a focus on intended long term effects on the organization.
- D1.2** The Board will cultivate a sense of group responsibility. The Board as a body will be responsible for excellence in governance.
 - D1.2.1** The Board will use the expertise of individual board members to enhance the abilities of the Board as a body rather than to substitute individual judgments for the Board's values.
 - D1.2.2** The Board will allow no officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling board commitments or following board policy.
- D1.3** The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, respect of roles, policy-making, and ensuring continuance of governance capability.

- D1.3.1** Continual board development will include **1)** orientation of new board members in the Board's process and **2)** periodic discussions of process improvement.
- D1.3.2** The Board will perpetuate itself and its leadership through: recruitment, development and succession planning.
- D1.4** The Board will monitor and discuss its process and performance and shall formally report on compliance with its C & D policies annually.
- D1.5** Consensus will be sought on all issues. If consensus cannot be reached, a simple majority of the quorum present on all issues - unless otherwise required - will be sufficient for a proposal to prevail. Absentee voting is acceptable, but proxy voting is not allowed.

Policy Type: Board Process

Policy Title: D2 – The Board's Job

The Board is a representative body charged with establishing and demanding appropriate organizational performance on the behalf of the membership. In order to govern successfully, we will:

- D2.1** The Board will act as the link between the organization and the membership. The Board will educate itself regarding the values held by members and report to the members on board activities and decisions.
- D2.2** The Board will produce written governing policies that, at the broadest levels, realistically address each category of organizational decisions.
 - D2.2.1** Ends - Organizational outcomes, recipients, and their relative worth. (what good, for whom, at what cost).
 - D2.2.2** Executive Limitations - Constraints on the CEO's authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - D2.2.3** Board-Executive Relationship - How power is delegated and its proper use monitored; the CEO role, authority and accountability.
 - D2.2.4** Governance Process - Specifications on how the Board conceives, carries out and monitors its own work.
- D2.3** Hire, compensate, delegate responsibility to, and hold accountable the CEO. (See C. Board - Executive Relationship Policies)
 - D2.3.1** Use a strategic process to establish the value of CEO's compensation, and complete this process in a timely manner.
- D2.4** Assign responsibility in a way that honors our commitment to accountable empowerment and clear distinction of roles.
- D2.5** Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and board performance in the areas of Board Process and Board - Executive Relationship.
- D2.6** Individual Trustees have the following responsibilities:

- D2.6.1** Communicate the opinions of the membership to the best of their knowledge, but listen to the views of others and make decisions in the best interest of the cooperative.
- D2.6.2** Be prepared for board meetings - including reading materials - and coming prepared to make decisions.
- D2.6.3** Be aware of and follow the organization's policies.
- D2.6.4** Perform board duties in good faith and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
- D2.6.5** Serve with complete honesty and personal integrity.
- D2.6.6** Openly and impartially consider all issues and matters, researching issues as needed.
- D2.6.7** Have FUN!
- D2.6.8** Attend all relevant meetings, retreats, trainings and conferences, notifying the Board Chair when absence is unavoidable. Whenever a Trustee is unable to attend a meeting in person, the Trustee will make a reasonable effort to participate via electronic means.
- D2.6.9** Report on policies as assigned by the Board Chair.
- D2.6.10** Perpetuate the Board's leadership capacity using ongoing education, training and recruitment.
- D2.6.11** Perform other duties as required by the Bylaws, the Board Chair, or because of limitations on CEO authority.

Policy Type: Board Process

Policy Title: D3 – Agenda Planning

In order to accomplish its job with a governance style consistent with board policies, the Board will ensure the production of and will vet a company-level, multi-year strategic plan. The Board will follow an annual agenda that **1)** completes re-exploration of the Ends (Policy Titled: A—Global End) annually; **2)** continually improves board performance through board education and enriched input and deliberation; and **3)** ensures efficient use of board meeting time and **4)** focuses our attention upward and outward.

Accordingly,

- D3.1.** The Board Chair will lead the Board in developing an annual calendar that will serve as the core of the agendas for each fiscal year.
- D3.2** The Board's current policy discussion and the annual calendar will provide the basis for determining the broad outlines of the next meeting's agenda, although the Board Chair may choose to make adjustments based upon other factors.
- D3.3** Agenda: the Board is the sole authority over its own agenda. The Board Chair will exercise this control on behalf of the Board, but any member - with the majority agreeing - may add or delete items from the agenda.
 - D 3.3.1** Agenda Content: Only issues within the Board's legal responsibilities and its areas of responsibility shall consume board time. That is, the Board will work on the Board's job, not on the staff's job, though the Board may review staff performance against board policies at any time it chooses.
 - D3.3.2** Consent Agenda: The Board shall use a consent agenda in order to establish a record of decisions made in advance of the meeting or for items that warrant no discussion time during a meeting but that require a decision. The expectation is that consent agenda items are accepted at the beginning of board meetings, having been read and understood, with any objections having been resolved, in advance of the official meeting.
 - D3.3.3** CEO monitoring reports will be included on a "consent agenda." Discussion is warranted in the case of non-compliance or if Trustees have valid objections or concerns to the monitoring reports or the policy, including substandard reporting, unreasonable interpretation of policy, factual inaccuracies, or questions in aid of valid objections. Clarifying questions may be submitted to the

Board Chair at any time and will be presented to management if they are of material interest to the Board's work.

- D3.4** The Board shall have available all documentation for the next board meeting no later than 5 calendar days before that meeting.
- D3.5** Any board member may request an item to be added to an executive session agenda, but:
 - D3.5.1** The purpose of such item must be stated.
 - D3.5.2** The Board may restrict or admit attendance at executive sessions as it chooses.
 - D3.5.3** Authority to declare the session or add an item for discussion is vested in the Board Chair unless overridden by a majority of the Trustees present.
 - D3.5.4** When possible, announcement of executive session should be on the published agenda.

Policy Type: Board Process
Policy Title: D4 – Board Meetings

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

- D4.1** The Board will use meeting time only for work that is the whole Board's responsibility. We will avoid committee work, operational matters and personal concerns.
- D4.2** Regular board meetings will be open to the membership except when executive session is officially called.
 - D4.2.1** As long as the purpose of the session is stated, the Board may occasionally use executive session to deal with confidential matters including but not limited to contracts, personnel, executive compensation, and competitive positions. When possible, announcement of the executive session should be on the published agenda.
 - D4.2.2** Minutes and content shall not be disseminated outside of those with officially recognized confidential agreements with the Co-op and proper purpose.
- D4.3** The Board will normally use consensus, manifested as general agreement. For decisions that could lead to a binding commitment on the Co-op and/or Board that require individual votes of record, we will record motions, seconds, and individual votes.
- D4.4** The meeting agenda will be determined by the Board Chair, and may be modified at the meeting by a majority vote of the Board or by general consensus at the behest of the Board Chair.

Policy Type: Board Process

Policy Title: D5 – Trustees' Code of Conduct

Trustees commit ourselves to ethical, professional, dignified, respectful and lawful conduct when acting as or potentially being perceived as acting as representatives of the Cooperative.

- D5.1** Every Trustee is responsible at all times for acting in good faith, in a manner which they reasonably believe to be in the best interests of the Cooperative as a whole, and with such care as an ordinarily prudent person in a like position would likely and reasonably use under similar circumstances.
- D5.2** Trustees must demonstrate unconflicted loyalty to the interests of the co-op's members. 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 Trustee acting as an individual consumer, worker or member.
- D5.2.1** There will be no self-dealing or any conduct of private business or personal services between any Trustee and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
- D5.2.2** Board members must not use their positions to obtain for themselves, family members or close associates employment within the organization.
- D5.2.3** When the Board is to decide on an issue about which a Trustee has an unavoidable conflict of interest, that Trustee shall recuse themselves from the conversation and the vote.
- D5.2.4** A non-staff Trustee who applies for employment must disclose the application and intent to the full Board and will agree to automatic contingent resignation from the Board if obtaining the staff position would lead to a violation of the Co-op Bylaws relating to Board Composition.
- D5.2.5** Any Trustee who is also a paid employee will resign from the Board if and when their employment ends.
- D5.2.6** An employee who is a Trustee and party to a grievance against Central Co-op or is placed on probation shall be immediately placed on a leave of absence with reinstatement at the next regular board meeting at least 30 days after the grievance or probation is resolved.

D5.3 Trustees may not attempt to exercise individual authority over the organization.

D5.3.1 When interacting with the CEO or employees, Trustees must carefully and openly recognize their lack of authority except as explicitly noted in board policy or by virtue of a lawful board decision.

D5.3.2 When interacting with the public, the press, or other entities, Trustees must recognize the same limitation and the inability of any Trustee to speak for the Board except to repeat explicitly stated board decisions or according to authority explicitly delegated by the Board.

D5.4 Trustees will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.

D5.5 Trustees will prepare for and attend in person all board meetings, retreats, and trainings.

D5.5.1 Trustees are expected to effectively monitor electronic communications routinely.

D5.6 Trustees may attend regular meetings via electronic device if attending in person is not reasonable and electronic attendance is arranged with the Board Chair ahead of time.

D5.7 Trustees that accrue 4 total absences from regular board meetings and retreats within a rolling twelve month period shall agree to resign from the Board effective immediately. A fourth absence shall serve as consent to removal proceedings on behalf of the absent Trustee if such notice was not provided ahead of the meeting.

D5.7.1 Absences shall be accrued for tardiness and early exit from meetings or retreats at the discretion of the Board Chair.

D5.8 Trustees will support the legitimacy and authority of the Board's decision on any matter, irrespective of the Trustee's personal position on the issue.

D5.9 Any Trustee 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.

Gender Language Changes: **(PolicyB6.5; B7.4; D5.1; D6.4)** Approved January 29, 2018

Policy Type: Board Process

Policy Title: D6 – Officers' Roles

Trustees will elect Board Chair and Vice-Chair in order to help us accomplish our job.

D6.1 Officer authority does not extend to making decisions within Ends and Executive Limitations policy areas, each of which is within the purview of the CEO.

D6.1.1 Board Officer authority does not extend to supervising, interpreting board policies to, or otherwise directing the CEO.

D6.1.2 No Officer has any authority to supervise or direct the CEO or any other staff member unless specifically delegated by the Board.

D6.2 The Board Chair or Vice-Chair may delegate their authority to another Trustee but remain accountable for the use of such authority.

D6.3 The Board Chair also serves as the Chief Governing Officer (CGO) of the Cooperative. The CGO ensures the Board acts consistently with Board policies and legitimately imposed external limitations and obligations. The CGO shall also serve as a primary collaborator on matters of strategic importance with the CEO.

D6.3.1 The CGO is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.

D6.3.2 The Board Chair will chair and set the agenda for Board meetings.

D6.3.3 The CGO plans for leadership perpetuation.

D6.3.4 The CGO shall oversee the creation of a Board Expenditure Plan annually and shall ensure that a 5-year projection for such expenditures is maintained.

D6.3.5 The CGO may represent the Board to outside parties.

D6.3.6 The CGO may temporarily appoint Board Vice-Chair and Board Committee Chair roles in the event of death, inability to act, refusal to act, or absence of a sitting officer.

D6.3.7 The CGO is responsible for writing the Board Note for the Annual Meeting.

D6.4 The Board Vice-Chair will perform the duties of the Board Chair in their absence or at their request.

Gender Language Changes: **(PolicyB6.5; B7.4; D5.1; D6.4)** Approved January 29, 2018

Policy Type: Board Process

Policy Title: D7 – Board Committee Principles

The Board may establish committees to help carry out its responsibilities. Committees will be used so as to minimally interfere with the wholeness of the Board's job, and so as never to interfere with delegation from Board to CEO.

- D7.1** Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the CEO.
 - D7.1.2** The Board will establish, regularly review, and control committee responsibilities in written committee charters.
- D7.2** Board committees are to help the Board do its job, not to help the staff do its jobs. Committees will assist the Board chiefly by preparing policy alternatives and implications for board deliberation, but shall not themselves make decisions for the Board. Board committees are not to be created by the Board to advise staff.
- D7.3** Board committees will have a sunset date that coincides with the annual TLT (top leadership team) retreat. Any petition to renew a charter will be reviewed at the annual retreat excepting ad hoc committees formed for a particular purpose and later dissolved at a set point prior to such a retreat. Policies under D7 apply to both.
- D7.4** Board Committee Chairs will be appointed by the CGO. The job of Board Committee Chairs is to ensure the integrity of the committee and its process, preside over committee meetings, determine their agendas and coordinate work to complete the committee's tasks effectively.
- D7.5** Trustees may serve on any board committee at the discretion of the Committee Chair, and non-trustees may serve at the discretion of the Committee Chair, unless otherwise stated in the committee charter or by board directive. Objections by Trustees to committee composition and individual membership shall be resolved by the CGO.
- D7.6** Board committees cannot exercise authority over staff and, in keeping with the Board's focus on the future, board committees will not ordinarily have direct dealings with current staff operations. Further, the Board will not impede its direct delegation to the CEO by requiring approval from a board committee before an executive

action. The CEO works for the Board, never for a board committee Chair as well as Vice-Chair.

- D7.7** This policy applies only to committees which are formed by board action, whether or not the committees include non-board members. It does not apply to committees formed under the authority of the CEO (Executive).
- D7.8** While recognizing the Nominating Committee is a committee of the Board it shall be governed in accordance with the Bylaws. The Board will ensure the Committee's continuity and efficient operation by:
- D7.8.1** Appointing members to the Committee if it does not have sufficient numbers to meet quorum.
 - D7.8.2** Advising the Committee as to what skills and expertise the Board needs.
 - D7.8.3** Supporting the Committee in identifying candidates for the Board and Committee itself.

Policy Type: Board Process

Policy Title: D8 – Governance Investment

We will invest in the Board's governance capacity and plan for the cost of effective governance.

- D8.1** We will make sure that board skills, methods and supports are sufficient to allow us to govern with excellence.
- D8.2** We will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
 - D8.2.1** We will use training and retraining liberally to orient new Trustees, members of the Nominating Committee, and potential candidates for the Board, as well as to maintain and increase existing Trustees' skills and understanding.
 - D8.2.2** We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - D8.2.3** We will use outreach mechanisms as needed to ensure our ability to listen to member viewpoints and values.
 - D8.2.4** We will use professional and administrative support.
 - D8.2.5** Consultants and facilitators will be used whenever needed or strategically relevant.
- D8.3** The CGO will work with the Treasurer to produce the Board's spending plan for the subsequent year no later than November 1st.

Policy Type: Governance Policy

Policy Title: D9: Relationship To Members

The Cooperative is owned and controlled by its membership and the Board governs Central Co-op in their interest. The Board is committed to linking with members to provide for accountability.

D9.1 Acceptance of an application for membership is the Board's responsibility. In order to comply with Central Co-ops Bylaws, natural persons applying for membership will need to show or commit to the criterion which coincides with Central Co-op's policies.

D9.1.1 In addition to criteria for new members, the Board may provide additional characteristics for consideration and include them in policy. In the case of unforeseen issues of relevance, the Board may choose to evaluate applications on a case-by-case basis, acting in the best interests of the Cooperative.

D9.2 The Board obtains its authority from the membership and has the fiduciary and legal responsibility to represent their best interests as a whole, considering the priority of majority viewpoints while preventing minority interests from being excluded from meaningful participation and benefit as is reasonable. Since the Board represents the membership, it shall educate itself regarding the values held by the membership and shall act always under the influence of those values. The Board shall always act in the best interest of the Cooperative as a whole.

D9.3 The Board shall regularly report to the membership on its activities and decisions. At least annually, the Board shall ensure the members receive a report on organizational matters, and the organization's financial resources, and how those resources have been used.

D9.4 The Board shall hear member grievances that could not be resolved by the staff when such grievances represent a violation of, or difference of reasonable interpretation of Central Co-op By-laws or the Central Co-op Board Policies. In the case of clear policy interpretation and execution, decisions of staff shall be supported by the Board and considered final and binding. The Board will seek to resolve all other grievances within 90 days. The decision of the Board shall be final and binding as provided for in the Articles of Incorporation and Bylaws.