

East End Food Co-op

Policy Register

Updated December 6, 2021

Contents

A. Ends

B. Executive Limitations

1. Financial Condition and Activities
2. Business Planning and Financial Budgeting
3. Asset Protection
4. Membership Rights and Responsibilities
5. Customer Service and Value
6. Staff Treatment and Compensation
7. Communication to the Board
8. Board Logistical Support
9. Emergency General Manager Succession
10. Environment

C. Board-General Manager Relationship

1. Unity of Control
2. Accountability of the General Manager
3. Delegation to General Manager
4. Monitoring General Manager Performance
5. General Manager Evaluation

D. Board Process

1. Governing Style
2. Board Job Description
3. Agenda and Calendar Planning
4. Officers' Roles
5. Directors' Code of Conduct
6. Committee Principles
7. Relationship to Member Owners
8. Cost of Governance

A. Ends

The East End Food Co-op exists to enhance physical and social health in our community. To these ends, we will create:

1. A sustainable member-owned business open to everyone
2. An ethical and resilient food infrastructure
3. A vibrant, dynamic community of happy, healthy people
4. A creative vision to transform the future

Monitoring

This policy will be monitored according to the monitoring schedule in C4.4.

Adoption and Amendment

Adopted 01/24/05. Amended 2/21/08

B. Executive Limitations

Global Executive Constraint

The General Manager shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, or in violation of the Cooperative Principles.

Monitoring

This policy will be monitored according to the monitoring schedule in C4.

Adoption and Amendment

Adopted 09/22/03, Amended 6/17/13

B1. Financial Condition and Activities

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

The GM will not:

B1.1

Allow sales to decline or be stagnant.

B1.2

Allow operations to generate an inadequate net income.

B1.3

Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.

B1.4

Allow solvency (the relationship of debt to equity) to be insufficient.

B1.5

Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

B1.6

Acquire, encumber or dispose of real estate.

B1.7

Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

B1.8

Allow late payment of contracts, payroll, loans or other financial obligations.

B1.9

Use restricted funds for any purpose other than that required by the restriction.

B1.10

Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

B1.11

Make large extraordinary expenses without informing the Board, including providing information about the staff's decision making process and the anticipated impact on the Co-op.

Adoption and Amendment
Amended 09/07/20.

B2. Business Planning and Financial Budgeting

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

The GM will not Create plans or budgets that

B2.1

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

B2.2

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

B2.3

Would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative.

B2.4

Have not been tested for feasibility.

B2.5

Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.

B2.6

Fail to follow applicable supplier-diversity best practices throughout the purchasing process.

B2.7

Fail to solicit bids via a Request for Proposals (RFPs) for qualifying expenses.

Adoption and Amendment
Amended 11/16/2020.

B3. Asset Protection

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

The GM 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.

B3.6

Allow improper usage of members' and customers' personal information.

B3.7

Allow purchasing that is uncontrolled or subject to conflicts of interest.

B3.8

Allow lack of due diligence in contracts.

B3.9

Allow damage to the Cooperative's public image.

B4. Membership Rights and Responsibilities

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

The GM will not:

B4.1

Fail to make a good faith effort to keep members informed about elections and the annual meeting. This should include:

B4.1.1

Means of communication beyond electronic media and posting in the physical space.

B4.1.2

Making sure that members are informed about the importance of supplying (and keeping updated) contact information for said purposes.

B4.1.3

Keeping the Board informed about the number and percentage of members being reached about governance topics.

B4.2

Create an environment that discourages membership and member participation.

B4.3

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

B4.3.1

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

B4.3.2

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 the Cooperative's financial viability.

B4.3.3

Equity will not be refunded if it would risk, cause or exacerbate non-compliance with any Financial Condition policy.

B4.4

Implement a patronage dividend system that does not

B4.4.1

Comply with IRS regulations.

B4.4.2

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 the Cooperative's net profit will be allocated and distributed to members.

B4.5

Make a major (subject to reasonable interpretation) change without providing substantive opportunities for member feedback.

Adoption and Amendment
Adopted 9.22.03. Amended 11.19.18

B5. Customer Service and Value

The General Manager shall not be unresponsive to customer needs.

The GM will not:

B5.1

Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

B5.2

Allow an unsafe shopping experience for our customers.

B6. Staff Treatment and Compensation

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

The GM 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.

B6.1.5

Enforce, as much as possible, consistent application to all personnel.

B6.1.6

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

B6.1.7

Establish compensation and benefits that are internally or externally equitable.

B6.1.8

Maintain the GM's own compensation and benefits, except as necessary to make his or her benefits consistent with a package for all other employees.

B6.2

Fail to work to increase diversity.

B6.3

Fail to strive to maintain amicable relations with all staff members and UE Local 667.

B6.4

Fail to report on trends in staff turnover, including by department.

B6.5

Fail to provide staff opportunities for training and advancement.

B6.6

Fail to convene regular all-staff meetings.

Adoption and Amendment
Amended 2/10/20, 12/6/21

B7. Communication to the Board

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

The GM 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 the Cooperative, or internal and external changes.

B7.4

Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.

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 GM yet required by law, regulation, or contract to be Board-approved.

B8. Board Logistical Support

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

The GM 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 a workable mechanism for official board, officer committee communications.

B8.3

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

B8.4

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

B8.5

Allow insufficient archiving of board documents.

B9. Emergency GM Succession

To protect the Board from sudden loss of GM services, the GM shall not have less than one other manager sufficiently familiar with Board and GM issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.

B10. Environment

The General Manager shall not fail to take reasonable measures to ensure that the Co-op activities and practices minimize the Co-op's negative impact, and maximize the Co-op's positive impact, on the environment.

B10.1

The General Manager shall not fail to minimize or eliminate any release of pollutants.

B10.2

The General Manager shall not fail to reasonably minimize the creation of waste through reduction, reuse and recycling.

B10.3

The General Manager shall not fail to ensure that all waste is disposed of through safe, responsible and environmentally friendly efforts per Co-op industry standards.

B10.4

The General Manager shall not fail to reasonably minimize the use of non-renewable energy through improved efficiency and conservation.

C. Board-General Manager Relationship

The Board's only official connection to the operational aspects of the cooperative, its achievements, and conduct will be through the General Manager.

Monitoring

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process. Thus, we don't further stipulate monitoring for Section C policies.

C1. Unity of Control

Only decisions of the Board acting as a body are binding on the General Manager.

C1.1

Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in rare instances when the Board has specifically authorized such exercise of authority.

C1.2

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

Adoption and Amendment
Amended 4/15/09

C2. Accountability of the General Manager

The Board holds the General Manager accountable for the operation and management of the Co-op in accordance with the Board's policies. All authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the General Manager.

C2.1

The Board and General Manager will check in at least once a year to discuss which, if any, staff members it is appropriate for the Board to give direction to directly and whether the GM would like to be included in such communications. Generally, the Board Clerk, Marketing and Member Services Manager, Front End Manager, and Finance Manager are the only staff members the Board has need to interact with directly and should be mindful of doing so within reason.

C2.2

The Board will refrain from evaluating either formally or informally, any staff other than the General Manager.

C2.3

The Board will view General Manager performance as identical to organizational performance, so that organizational accomplishment of Board stated Ends Policies and compliance with Board stated Executive Limitations policies will be viewed as successful General Manager performance.

Adoption and Amendment
Amended 4/15/09, 09/07/20.

C3. Delegation to the General Manager

The Board will instruct the General Manager through written Ends policies to be achieved and Executive Limitations policies to be complied with, allowing the General Manager to use any reasonable interpretation of these policies.

C3.1

The Board will develop Ends policies instructing the General Manager to achieve certain results for certain people, at a specific cost.

C3.2

The Board will develop Executive Limitations policies that limit the latitude the General Manager may exercise in choosing the organizational means.

C3.3

As long as the General Manager uses a reasonable interpretation of the Board's Ends and Executive Limitations policies, the General Manager may make all further policies and decisions, take all actions, establish all practices and develop all activities.

C3.4

The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and General Manager domains which changes the latitude of choice given to the General Manager.

C3.4.1

When making such a change, the Board will specify the expected compliance date.

C3.4.2

As long as any particular delegation is in place, the Board will respect and support the General Manager's choices that comply with the policy.

Adoption and Amendment
Amended 4/15/09

C4. Monitoring General Manager Performance

The General Manager's job performance will be determined by systematic and rigorous monitoring against, and solely against, accomplishment of Board Ends Policies, and operation within the boundaries established by Board Executive Limitations Policies.

C4.1

Monitoring is to determine the degree to which Board policies are being met. Only data that does this will be considered monitoring data.

C4.2

The Board will acquire monitoring data by one or more of three written report methods.

C4.2.1

Internal report, in which the General Manager provides compliance information to the Board.

C4.2.2

External report, in which an external, disinterested, third party chosen by the Board assesses and reports compliance with policies directly to the Board.

C4.2.2.1

The Board will hire the auditor and receive the report from the annual audit of the co-op's financial statements. The annual audit shall assess compliance with Board policies on financial conditions and asset protection as noted in the monitoring schedule.

C4.2.3

Direct inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

C4.3

In every case, the standard for compliance shall be any reasonable interpretation of the Board policy being monitored.

C4.4

Monitoring reports shall include the GM's interpretation and data/facts relevant to the policy. Statements of compliance alone, without data, will not be accepted. Report will:

C4.4.1

Include the date, and name of person preparing.

C4.4.2

Include the complete text of the policy being monitored.

C4.4.3

Be clearly labeled and separated from other information and reports.

C4.4.4

Provide a conclusion of in or out of compliance.

C4.4.5

In cases of non-compliance, provide an explanation and a plan for achieving compliance.

C4.4.6

Be on time.

C4.5

All policies that instruct the General Manager will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend upon a routine schedule set forth in the Board Calendar.

Adoption and Amendment

Amended 12/13/04, 01/24/05, 03/13/05, 4/15/09

C5. General Manager Evaluation

The board will evaluate the General Manager only on issues for which it has written policy and on all issues for which it has written policy. GM evaluation is an ongoing continuous process of policy monitoring. Annually, the board will conduct a summary evaluation of the General Manager which will be a compilation and review of compliance with board policy, or lack thereof, as reported in Ends and Executive Limitations monitoring reports presented to the Board throughout the year.

C5.1

Board may engage in a summary evaluation at any time; however, it will normally conduct an annual summary including all monitoring scheduled during the reporting year (July 1 – June 30).

C5.2

Throughout the year, the board will keep a chart listing all reports, dates expected, dates received, compliance result, number of policies compliant within each report, board action, and any relevant notes.

C5.2.1

All monitoring reports will be included in the summary chart regardless of the type of report (internal, external, direct inspection).

C5.2.2

The secretary will ensure that an accurate official record is maintained in the chart.

C5.3

The annual evaluation will consist of the following inputs:

- A review of the monitoring matrix by all board members.
- Board members and managers answering two questions:
 1. What does the GM do well?
 2. What are areas the GM could improve?
- Reviewing progress on established board priorities for the reporting year.

The board will have a working meeting within 30 days of the end of the reporting year to discuss the three inputs listed above and come to conclusions regarding the GM's overall performance. During this meeting the board will also make decisions about adjustments to compensation for the GM and propose new priorities for the coming reporting year.

Based on the conclusions reached by the board, an evaluation letter will be drafted within 60 days of the end of the reporting year. The Board President and Vice President will meet with the GM to review this letter, which will be shared with the GM at least 2 days prior to the meeting.

After the meeting, the Board President and Vice President will report back to the full board, and submit the letter to the HR Manager for inclusion in the GM's personnel file.

Monitoring

This policy will be monitored by internal report annually.

Adoption and Amendment

Adopted 9/22/03. Amended 5/27/14, 09/07/20

C6. General Manager Treatment

The Board will not cause or allow the General Manager to be treated in any way that is unfair, unsafe, or unclear.

The Board will not fail to have an Employment Agreement with the General Manager that:

- a) Establishes compensation and benefits that are internally and externally equitable.
- b) Provide for fair and thorough handling of grievances.
- c) Is reviewed as part of monitoring this policy.

Adoption and Amendment
Adopted 11/15/2021

D. Board Process

The purpose of the Board, on behalf of the members of the cooperative, is to act as trustees for the members and to ensure that the cooperative accomplishes its Ends while avoiding undesirable situations. The Board will specify its expectations through written governing policies.

Adoption and Amendment
Adopted 9.22.03. Amended 2.21.08

D1. Governing Style

The Board as a group is responsible for excellence in governance. We will hold ourselves accountable for our work through use and measurement of our policies.

D1.1

In order to do this, we will:

D1.1.1

Focus our vision outward and toward the future

D1.1.2

Maintain group discipline, authority and responsibility

D1.1.3

Clearly distinguish Board and General Manager roles

D1.1.4

Encourage diverse viewpoints

D1.1.5

Work proactively rather than reactively

D1.1.6

Obey all relevant laws and bylaws

D1.1.7

Focus on mission, vision, and values

D1.2

We will govern in a way that emphasizes empowerment and clear accountability.

D1.3

The Board will allow no officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling Board commitments.

D1.4

Each member of the Board shares the responsibility for effective Board leadership including meeting preparation and participation, as well as execution of all other assigned tasks.

D1.5

Each Board member has the responsibility of supporting the Board Chair's right to interpret and enforce Board Process policies.

D1.6

The Board will enforce upon itself whatever discipline is needed to govern with excellence.

D1.7

The Board will monitor and discuss the Board's process and performance annually and at each meeting, per the annual monitoring calendar.

Monitoring

This policy will be monitored by internal report annually.

Adoption and Amendment

Adopted 9/22/03, 8/25/04, 12/13/04, 2/21/08, 4/15/09, Summer 2011.

D2. Board Job Description

The job of the Board is to represent the members in determining and ensuring appropriate organizational performance in alignment with our ends.

D2.1

The Board is responsible for linkage with our member-owners.

D2.2

The Board will have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends, Executive Limitations, Board-GM Relationship, and Board Process, in accordance with Policy Governance principles.

D2.3

The Board will rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-GM Relationship.

D2.4

The Board will hire, compensate, delegate responsibility to, and hold accountable a General Manager.

D2.5

The Board will perpetuate its leadership capacity using ongoing education, training and recruitment.

D2.5.1

The board will plan and oversee the election process, ensuring a fair process, accessible to the members.

D2.5.2

The board will present a group of qualified candidates to the members and provide opportunities for members to learn about the candidates.

D2.5.3

The board has the authority to accept or deny an application for candidacy based on relevant criteria.

D2.5.3.1

Due to the nuances of particular situations and the fact that people can grow and change, there are no circumstances that lead to an automatic denial of someone's candidacy. There are, however, issues which should trigger a discussion and vote by the board to determine whether a candidate will be allowed to run. These include ethics concerns, potential conflicts of interest, or any other compelling information that a sitting director deems relevant. When possible, all sides of a situation should be ascertained to the best of the board's

ability and candidates should be clearly informed of the reason for their denial.

D2.5.4

The board may delegate the recruitment, but not the denial of the candidates' applications to a task force or committee. The full board remains responsible for perpetuation of effective governance.

D2.6

The Board will appoint and oversee the work of an auditor.

Monitoring

This policy will be monitored by internal report annually.

Adoption and Amendment

Adopted 9/22/03, Amended 09/26/05, 2/21/08, 4/15/09, Summer 2011.

D3. Agenda and Calendar Planning

To accomplish its job with a governance style consistent with Board policies, the Board will follow an annual agenda that focuses on Ends and continually improves the Board.

D3.1

The Board's annual governance cycle will begin in November and conclude the following October.

D3.2

The Board will create and maintain an annual calendar that includes all items as required by this and other policies.

D3.3

At the beginning of each governance year, the board will create a broad outline of board goals, initiatives, and learning that reflect the board's particular focus and priorities on Ends and board development for the year.

D3.4

At the end of each Board meeting, the Board's ends focus and annual calendar will provide basis for determining the broad outlines of the next meeting's agenda.

Monitoring

This policy will be monitored by internal report annually and at the end of every Board meeting.

Adoption and Amendment

Adopted 9/22/03, Amended 2/21/08, 4/15/09, 5/6/11, 6/5/11

D4. Officers' Roles

The Board will elect officers, as required by its bylaws, in order to help accomplish the Board's job. These officers must comply with all provisions established in the bylaws.

D4.1

No officer has any authority to supervise or direct the GM.

D4.2

Officers may delegate their authority but remain accountable for its use.

D4.3

The President ensures the integrity of the Board's process and the integrity of the Board's relationship with the General Manager and is responsible for overall Board effectiveness. This includes:

- Chairing Board meetings (and making sure everyone's voices are heard)
- Preparing monthly meeting agendas based on current needs, annual schedule, and long-term Board plan
- Determining when to hold working meetings
- Writing the President's statement for the Annual Report and presenting it at the Annual Meeting
- Working to ensure a smooth transition to the next president and ensuring that the Vice President is qualified to serve in the case of emergency or planned succession
- Evaluating GM (based on policy monitoring and input from full board) in writing and person, including setting raises
- Meeting with GM and VP in Executive Meetings as necessary.
- Occasionally representing the Board to outside parties, such as other businesses, trade associations, legal counsel, media, landlords, etc.

D4.4

The Vice-President performs the duties of the President in their absence or as part of a planned succession. They also:

- Handle Board member evaluations and check-ins (absences, conflicts, vibes)
- Check in with committee chairs to ensure that they are on-target for completing their yearly goals
- Participate with President in GM compensation discussion & evaluation
- Attend Executive Committee meetings (scheduled as necessary) with GM and President.

D4.5

The Treasurer:

- Sets up and chairs Finance Committee meetings to review financial performance
- Chairs the annual audit review (working with GM to set up the meeting)
- Manages and updates the Board's budget
- Works closely with the administrative staff to track Board expenses

- Educates the Board about finances and financial reporting
- Makes recommendation for yearly board compensation
- When authorized by the full Board, may represent the Board to outside parties, such as banks, landlords, realtors.

D4.6

The Secretary will make sure the Board's documents are appropriately maintained. This includes:

- Maintaining the annual calendar
- Taking meeting minutes in the absence of the Board Clerk at working meetings and in closed sessions
- Maintaining Fleep (adding and removing people and conversations)
- Checking board email; distributing or responding to emails or comment cards received by the Board
- Maintaining a parking lot document for future discussions
- Making sure the monitoring matrix effectively captures board feedback
- Writing or assigning others to write Board Corner and monthly Member E-News columns
- Operating projector during meetings, if necessary.

D4.7

Committee Heads are accountable for the committee's work. This includes:

- Creating an annual update of the committee charter, including annual goals and monthly timeline
- Scheduling regular committee meetings and documenting as appropriate
- Helping to recruit lay members, if applicable
- Moving the work forward, bringing decisions to the full Board, and keeping the Board informed

Monitoring

This policy will be monitored twice a year, once in the month following officer elections, and once six months later.

Adoption and Amendment

Adopted 9/22/03, Amended 12/13/04, 4/15/09, 6/5/11, 09/07/20.

D5. Director's Code of Conduct

Directors each commit themselves to ethical, businesslike and lawful conduct.

D5.1

Every Director 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, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

D5.2

In carrying out their duties as Directors, Directors must demonstrate unconflicted loyalty to the interests of the Cooperative and the Cooperative's owners. This accountability supersedes the personal benefit of any Director.

A potential for conflict of interest exists whenever a Director's judgment on a question or issue could be affected by the Director having a loyalty or an interest which could lead the Director to not fully further the interests of the Cooperative on a particular question or issue.

If a Director is aware that his or her judgment is compromised by a conflicting loyalty or interest, regardless of the nature of that conflicting loyalty or interest, a conflict of interest exists. Further, even if the Director believes that his or her judgment is not compromised by a conflicting loyalty or interest, a conflict of interest exists if a reasonable person with knowledge of all relevant facts would reasonably believe that the Director's undivided loyalty would be compromised by a Director's conflicting loyalty or interest.

The prohibition on Directors participating in decisions or discussion where conflicts of interest exist is to be given an expansive meaning in favor of Board decisions untainted by any conflicting loyalty or interest. Consistent with Bylaws requirements, Directors shall be under an affirmative duty to disclose any conflict of interest as defined in D.5.2, in any matter under consideration by the Board or a committee.

Directors having such a conflict of interest may not participate in the decision of the matter nor, unless the Board or committee otherwise directs, in the discussion of the matter.

D5.2.1

There will be no self-dealing or any conduct of private business or personal services between any Director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to inside information.

D5.2.2

When the Board is to decide on an issue about which a Director has a conflict of interest, that Director shall normally be recused from the conversation and the vote, in accordance with Section 4.4 of the Bylaws. Consistent with applicable Bylaws provisions, the Board (or, if applicable, a committee) may direct, by majority vote (with the Director whose potential exclusion is at issue not voting) that the Director be allowed to participate in the discussion on the matter.

D5.2.3

A Director who begins employment with the Cooperative must first resign from the Board if there are no open seats available for staff on the Board.

D5.2.4

Any Director who is also a paid employee has the same duties and responsibilities as any other Director, and has the additional duty of clearly segregating staff and Board responsibilities. Staff serving a regular three year term may stay on the Board if they are no longer employed at the store, but anyone serving in the designated staff seat would be required to resign if they stopped working at EEFC.

D5.2.5

Directors shall, upon election or appointment to the Board of Directors and annually, complete a Potential Conflict of Interest Disclosure Form in which the Director shall disclose the following information as related to the Director and the Director's Immediate Family, defined as the Director's spouse or domestic partner, mother, father, brother, sister, or child: The names of any members of the Director's Immediate Family, and any organization in which the Director or member of the Director's immediate family has close business ties, with the term close business ties defined as such Director or Immediate Family member having a role, for such organization, as: (1) a member of that organization's board of Directors; (2) an officer of such organization; (3) a partner, owner (in whole or in part), shareholder, or investor in such organization (excluding passive ownership of less than 2% of the securities of a publicly traded corporation); (4) a manager, supervisor, employee, contractor or consultant with or for such organization; (5) a vendor or supplier to such organization. Directors shall be responsible for updating their Potential Conflict of Interest Disclosure Forms in the event of any relevant change in the membership of their Immediate Family, and any changes in close business ties by the Director or any member of the Director's Immediate Family, and must make timely disclosure of any close business ties which could give rise to a conflict of interest. Further, the list of members of the Director's Immediate Family is not intended to limit potential conflict of interest to only those relationships. Directors must be sensitive to, and must, in the course of consideration of any matter before the Board, disclose to other Directors any other personal or professional relationships that could compromise the Director's undivided loyalty as required in Section D.5.2.

D5.2.6

Without in any way limiting the breadth of the requirement that Director decisions remain in all cases untainted by conflict of interest (see Section D.5.2), there are certain situations where a Director will be presumed as having a conflict of interest based on close business ties either the Director or an immediate family member has or had.

D5.2.6.1

A Director will be presumed to have a conflict of interest with regard to any matter involving any relationship between the Cooperative and any organization in which the Director or an Immediate Family member either has close business ties or had close business ties within a one (1) full year period preceding consideration of the matter. The Director does not end the potential for conflict of interest merely by terminating close business ties or requiring an immediate family member to terminate close business ties.

D5.2.6.2

The presumptions and periods of time applicable to determining the conflict of interest of a Director who is, or has been, or ceases to be an employee (disqualifying the Director from participating in decisions and potentially discussion relating to Cooperative employees as more fully set forth in D.5.2.4) shall be the same as the presumptions and periods of time for determining the conflict of interest of Board members whose conflict of interest is based on close business ties of the Board member or a member of the Board member's immediate family, as set forth in D.5.2.6.1 and D.5.2.6.2..

D5.2.7

In the event Directors do not recuse themselves from decisions or discussions as required under these policies concerning conflicts of interest, the remaining Directors have a responsibility to decide on the nature and extent of the exclusion of the interested Director from those discussions and decisions. This shall be done upon motion by any Director at any time prior to the vote on the matter involving a Director's possible conflict of interest, and the motion shall clearly state the conflict of interest. The director with the possible conflict of interest may participate in the discussion of both the motion to exclude and the scope of such exclusion. A simple majority of the remaining Directors shall determine any exclusion and the scope of such exclusion. Provided there is a quorum at the start of the meeting, but none with the exclusion of a Director from a vote on a conflicted matter, the matter will be tabled until such time as a quorum of unconflicted Directors exists.

D5.3

Directors may not attempt to exercise individual authority over the organization.

D5.3.1

When interacting with the G.M. or employees, individual Directors must not imply that they have individual authority.

D5.3.2

When interacting with the public, the press, or other entities, Directors likewise must not speak for the Board except to repeat explicitly stated Board decisions.

D5.4

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

D5.5

Directors will prepare for, attend, and participate in all Board meetings and trainings.

D5.6

While an individual Director may disagree with a policy approved by or action taken by the majority of the Board, they will acknowledge the policy or action as being considered the judgment of the Board.

D5.7

Directors must honor contracts and/or covenants that EEFC and/or the Board has entered into and are which are currently in effect, even when such contracts and/or covenants were entered into prior to the individual Director's term, pursuant to requirements set forth in applicable state and federal corporation law. Directors shall be informed of such contracts and/or covenants on beginning their term on the Board, and shall acknowledge their receipt of such information.

D5.8

The Cooperative's officers and Directors are obligated to refrain from publicly making any disparaging remarks, comments or statements concerning the General Manager or his subordinates to any third parties. This obligation is not meant to prevent directors from expressing constructive criticism or questioning choices made by staff, either publicly or in private.

D5.9

The Bylaws provide that any Director may be removed by a vote of two-thirds of all Board members. Any action requires that the Director subject to removal be given a written explanation and one month's notice and the option to have the discussion and vote in a public meeting. For the avoidance of doubt, consistent with Bylaw requirements, removal requires a two-thirds vote of all sitting members of the Board, not two-thirds of the Board members present at a meeting in which there is a quorum, and the Director whose removal is being considered may participate in the vote on his or her removal from the Board. Upon approval of the motion the Director shall be removed immediately.

D5.10

Board members shall be obligated to the best of their ability to attend all Board meetings. Failure to participate or conflict between Board members should be addressed proactively and an opportunity for course correction given before action is taken to remove someone using the following procedure:

1. If one or more directors are concerned that another director's behavior(s) or inactivity are hindering the work of the board or creating an unduly stressful environment, or if a director is absent for three meetings within a fiscal year, the concerned director(s) will discuss this with the president of the board and the BP&E chair, minus the director in question. If the director in question is the president, then the vice president will also attend this meeting.
2. If there is agreement by this group of directors (those concerned, the president and the BP&E chair) that the work of the board is being hindered by the director in question, those directors mentioned above will create a work plan with clear expectations of changes needed to continue the work of the board without hindrance, and a plan for monitoring will be put in place. Ideally, this agreement would be a unanimous decision, but action can only be taken with a majority of the directors mentioned above agreeing. If an agreement cannot be reached, the full BP&E committee will take up the issue. If BP&E is unable to come to a decision for any reason, the full board will vote.

3. One director will be chosen to meet with the director in question. This meeting is to be supportive, to review the proposed work plan and monitoring process and make any necessary changes, with the aim of mutual agreement on the work plan. This should be an in-person meeting or video meeting if possible. Some outcomes of the meeting may include:

A. If the director in question does not agree to a work plan and opts to resign, they will submit that resignation in writing to the president of the board.

B. If the director in question does not agree to the work plan, but does not want to resign, the situation will be discussed with the entire board, and there will be discussion and a vote on whether or not to remove the director in question from the board. The default will be to an open session, but the director in question may request a closed meeting. The vote will be taken anonymously. A minimum two week notice period will precede the discussion and vote, and it shall be held at the next scheduled board or working meeting. A mediator may be requested by either the board or the director in question.

C. If the director in question agrees to make the changes, the BP&E committee, and the president or vice president will monitor their progress for a two month period.

1. A successful evaluation by the BP&E committee (with a majority in agreement) will resolve the issue.

2. If the evaluation is unsuccessful, the BP&E committee will notify the director in question that a report to the full board will be made. At least two weeks notice must be given, and the report will be made at the next scheduled board or working meeting. The full board will hear the report and come to a decision to either drop the concerns, extend the monitoring time period, or remove the director from the board. Any action must be by majority of the full board, and not of a quorum. The default will be to an open meeting with the director attending, but the director in question may request a closed session and their attendance is not mandatory. The vote should be taken anonymously.

Monitoring

This policy will be monitored by internal report annually and at the end of every Board meeting.

Adoption and Amendment

Adopted 9/22/03. Amended 12/13/04, 12/19/05, 11/27/06, 11/19/07, 2/21/08, 4/22/13, 10/28/15, 2/15/16, 09/07/20, 09/21/20

D6. Committee Principles

The Board will use committees only to help it accomplish its job. Committees will reinforce and support the wholeness of the Board.

D6.1

The Board is responsible for the actions of committees and their members.

D6.2

Committees will ideally include non-Board members. The Board may vote to exclude member-owners on specific committees entrusted with confidential or sensitive matters. The committee retains responsibility for its members' actions.

D6.2.1

All members on committees are expected to uphold the same Code of Conduct as the Board.

D6.3

Committees may not consist solely of non-Board members.

D6.4

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.

D6.5

The Board will establish, regularly review and control committee responsibilities in written committee charters.

Monitoring

This policy will be monitored by internal report annually.

Adoption and Amendment

Adopted 9/22/03. Amended Summer 2011, 09/07/20.

D7. Relationship to Member Owners

The Board obtains its authority from and represents the member-owners. The Board is responsible for linkage with member owners.

D7.1

The board is aware of and acts upon its fiduciary and legal responsibility to the member owners.

D7.2

The Board shall always act in the best interest of the cooperative as a whole.

D7.2.1

To make informed policy decisions, the Board must understand the values and needs of the member-owners. The Board must, therefore, obtain adequate and appropriate information on the member-owners.

D7.3

The Board shall communicate periodically to the member owners on its role, its activities and its decisions.

D7.3.1

The Board will build and sustain a sense of ownership, pride and loyalty among members.

D7.3.2

The Board will ensure the effective communication of the ends policy of the cooperative to the members.

D7.4

The Board will ensure that the member equity program contributes adequate capital for the cooperative.

D7.4.1

The Board is responsible for ensuring that the process and benefits of becoming a member in the Co-op is clear and available to everyone.

D7.5

The Board will ensure that the cooperative meets all requirements of law and bylaws for relationship with members including holding an annual meeting in the first half of the fiscal year and preparing a written annual report to members.

D7.5.1

At least annually, the Board shall disseminate a statement of its understanding of the EEFC's values and a report of the cooperative's financial resources, including a balance sheet and income statement, and how those resources have been translated into services.

D7.5.2

The annual meeting will allow members to meet Board candidates and the election cycle will conclude within a reasonable amount of time after the meeting.

D7.6

The Board shall ensure that Bylaws are current, complied with and meet the needs of the cooperative. As needed the board shall propose bylaw amendments to the members for approval.

Monitoring

This policy will be monitored by Board report semi-annually.

Adoption and Amendment

Adopted 9/22/03. Amended 12/13/04, 03/13/05, 09/26/05, 03/24/08, 09/07/20.

D8. Cost of Governance

In order to achieve excellence in governance, the Board will invest in its governance capacity

D8.1

The Board will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence

D8.2

The Board will incur governance costs prudently, though not at the expense of development and maintenance of governance capability.

D8.2.1

The Board will train new directors and candidates, and invest in enhancing the skills of existing directors. This includes, but is not limited to, consultants, conferences, workshops, or other resources.

D8.2.2

The Board will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.

D8.2.3

The Board will use professional and administrative support.

D8.2.4

The Board may invest in board perpetuation, including recruitment and election costs. These will be included in the Board's annual budget.

D8.3

The Board will develop the Board's annual budget in a timely way so as not to interfere with development of the Cooperative's annual budget. The board budget shall be periodically amended and will take into consideration industry standards.

Monitoring

This policy will be monitored by Board report annually.

Adoption and Amendment

Adopted 9/22/03. Amended 12/13/04, 2/21/08, 06/05/11