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POLICY TYPE: ENDS
POLICY TITLE: A – ENDS
LAST REVISED: Board of Directors/June 25, 2012

To assist the General Manager in the decision-making process, the following values reflect our vision:

In Duluth there is a thriving consumer-owned cooperative that supports, invests, and partners to create a healthy community including, but not limited to, a healthy regional food system.

For whom:

- 1) The Community
 - a. Local = Twin Ports
 - b. LOCAL = The 15-county region of Northeastern Minnesota and Northwestern Wisconsin known as The Superior Compact
- 2) The Regional Food System (300 mile radius)
- 3) Cooperatives

At what cost:

- 1) This is a values cost rather than an economic cost/expense of doing business.
- 2) Investing in progress on ENDS cannot take away from pragmatic needs of the Co-op/cannot be to the detriment of efficient operation of the Co-op.
- 3) No negative effect on our core business; for example, would an ENDS expenditure divert suppliers or customers from the Co-op?
- 4) Cooperative principles and Co-op Bylaws require allocation of resources to achieve progress on ENDS be derived from the percentage of profit from non-member purchases; for example, if 30% of purchases by non-members, then 30% of net income is eligible for ENDS allocation and/or education and/or capital reserves.

This policy will be monitored annually by internal report in April.

As amended by the Board of Directors on April 27, 2015

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B – GLOBAL EXECUTIVE CONSTRAINT
LAST REVISED: CBLD Template: November 15, 2014

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

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: BI – FINANCIAL CONDITION AND ACTIVITIES
LAST REVISED: CBLD Template: November 15, 2014

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

The General Manager must not:

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner paid-in equity to be insufficient.
6. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

7. Default on any terms that are part of the Cooperative's loans.
8. Allow late payment of contracts, payroll, loans or other financial obligations.
9. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
10. Acquire, encumber or dispose of real estate.
11. Use restricted funds for any purpose other than that required by the restriction.
12. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

(Note: Monitor global B and BI.1 thru BI.6 quarterly)

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B2 – PLANNING AND FINANCIAL BUDGETING
LAST REVISED: CBLD Template: November 15, 2014

The General Manager must not operate without annual and multi-year budgets and plans that address intentional and improved ENDS accomplishment along with avoidance of fiscal jeopardy.

The General Manager must not:

1. Create plans or budgets that
 1. Risk incurring those situations or conditions described as unacceptable in Board policy BI “Financial Condition and Activities.”
 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.
 3. Do not address excellence in business systems and operations.
 4. Have not been tested for feasibility.
2. Provide less for Board prerogatives during the year than is set forth in the Board’s budget.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B3 – ASSET PROTECTION
LAST REVISED: CBLD Template: November 15, 2014

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

The General Manager must not:

1. Allow equipment and facilities to be inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property.
5. Allow data, intellectual property or files to be unprotected from loss, theft or significant damage.
6. Allow improper usage of owners' and/or customers' personal information.
7. Allow purchasing that is uncontrolled or subject to conflicts of interest.
8. Allow lack of due diligence in contracts.
9. Allow damage to the Cooperative's public image.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B4 – OWNERSHIP RIGHTS AND RESPONSIBILITIES
LAST REVISED: CBLD Template: November 15, 2014

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

The General Manager must not:

1. Create or implement an owner equity system without the following qualities:
 1. The required owner equity is determined by the Board.
 2. Owners 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.
 3. Equity will not be refunded if such refunds would lead to a net decrease in total owner paid-in equity or would risk, cause or exacerbate non-compliance with any Financial Condition policy.
2. Implement a patronage dividend system that does not
 1. Comply with IRS regulations.
 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 owners.

As amended by the Board of Directors on April 27, 2015

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B5 – TREATMENT OF CUSTOMERS
LAST REVISED: CBLD Template: November 15, 2014

The General Manager must not be unresponsive to customer needs. The General Manager must not:

1. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
2. Allow an unsafe shopping experience for our customers.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B6 – STAFF TREATMENT AND COMPENSATION
LAST REVISED: CBLD Template: November 15, 2014

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

1. Operate without written personnel policies that:
 1. Clarify rules for staff.
 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.
 3. Are accessible to all staff.
 4. Inform staff that employment is neither permanent nor guaranteed.
2. Cause or allow personnel policies to be inconsistently applied.
3. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
4. Establish compensation and benefits that are internally or externally inequitable.
5. Change the General Manager's own compensation and benefits except as his or her benefits are consistent with a package for all other employees.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B7 – COMMUNICATION TO THE BOARD
LAST REVISED: CBLD Template: November 15, 2014

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

The General Manager must not:

1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy.
2. Report in an untimely manner any actual or anticipated noncompliance with any Board policy.
3. Report actual or anticipated noncompliance without a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
4. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative or internal and external changes.
5. Withhold his/her opinion if the General Manager 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 General Manager.
6. Favor or privilege certain directors over others except when responding to officers or committees duly charged by the Board.
7. Fail to supply for the Board's consent agenda all decisions delegated to the General Manager yet required by law, regulation or contract to be Board-approved.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B8 – BOARD LOGISTICAL SUPPORT
LAST REVISED: CBLD Template: November 15, 2014

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

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

As amended by the Board of Directors on April 27, 2015

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: B9 – EMERGENCY GENERAL MANAGER SUCCESSION
LAST REVISED: CBLD Template: November 15, 2014

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

As amended by the Board of Directors on April 27, 2015

POLICY TYPE: **BOARD PROCESS**
POLICY TITLE: **C – GLOBAL GOVERNANCE COMMITMENT**
LAST REVISED: **CBLD Template: November 15, 2014**

Acting on behalf of our owners, the Board ensures the success of the Cooperative by working together effectively, empowering and holding accountable professional management, providing strategic leadership for our Cooperative and perpetuating our democratic organization.

POLICY TYPE: **BOARD PROCESS**
POLICY TITLE: **CI – GOVERNING STYLE**
LAST REVISED: **CBLD Template: November 15, 2014**

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

1. Be a strategic leader by focusing our vision outward and toward the future.
2. Ensure effective systems of delegating authority to professional management, holding the use of that power accountable, and clearly distinguishing between board and management responsibilities.
 - 2.1. Observe the 10 Policy Governance principles:
 - 2.1.1. ENDS Policies
 - 2.1.2. Ownership
 - 2.1.3. Board Process Policies
 - 2.1.4. Board Holism
 - 2.1.5. Board-Management Relationship Policies
 - 2.1.6. Governance Position
 - 2.1.7. Limitations Policies
 - 2.1.8. Policies/Decisions Come in Sizes
 - 2.1.9. Any Reasonable Interpretation
 - 2.1.10. Monitoring
3. Maintain team discipline, authority and responsibility.
4. Practice the habits of a successful democracy.
5. Obey all relevant laws and bylaws.

POLICY TYPE: **BOARD PROCESS**
POLICY TITLE: **C2 – THE BOARD’S JOB**
LAST REVISED: **CBLD Template: November 15, 2014**

In order to govern successfully, the Board will:

1. Practice, protect, promote and perpetuate a healthy democracy for our Cooperative.
2. Hire, compensate, delegate responsibility to and hold accountable a General Manager.
 - 2.1. Use a strategic process to establish the value of General Manager compensation and complete this process in a timely manner.
3. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
4. Rigorously monitor operational performance in the areas of ENDS, Executive Limitations and Board performance in the areas of Board Process and Board-Management Relationship.
5. Perpetuate the Board’s leadership capacity by:
 - 5.1. Using a robust recruitment, qualification and nomination process and fair elections
 - 5.2. Ensuring ongoing Board education and training and
 - 5.3. Regularly and strategically review and, as appropriate, amend ENDS.
6. Perform other duties as required by the bylaws or because of limitations on General Manager authority.

POLICY TYPE: **BOARD PROCESS**
POLICY TITLE: **C3 – AGENDA PLANNING**
LAST REVISED: **CBLD Template: November 15, 2014**

The Board will follow a strategic multi-year work plan and annual agenda that focuses our attention upward and outward.

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

POLICY TYPE: **BOARD PROCESS**
POLICY TITLE: **C4 – BOARD MEETINGS**
LAST REVISED: **CBLD Template: November 15, 2014**

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

1. The Board will use Board meeting time only for work that is the whole Board's responsibility.
 - 1.1. The Board will avoid committee issues, operational matters, personal concerns and other topics that are not the highest priority and best use of our time.
2. Meetings will be open to owners except when closed session is officially called.
 - 2.1. The Board may occasionally use closed session to deal with confidential matters as long as the purpose of the session is stated.
 - 2.1.1. When possible, announcement of closed session should be on the published agenda.
3. The Board will seek consensus through discussion.
 - 3.1. The Board will then finalize and document decisions through the use of motions, seconds and majority vote.

POLICY TYPE: BOARD PROCESS
POLICY TITLE: C5 – DIRECTORS’ CODE OF CONDUCT
LAST REVISED: CBLD Template: November 15, 2014

Each director commits to ethical, professional and lawful conduct.

1. Each director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes 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.
2. Directors must demonstrate un-conflicted loyalty to the interests of the Cooperative’s owners.
 - 2.1. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs and the personal interest of any director acting as an individual consumer or owner.
 - 2.1.1. 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 ensure openness, competitive opportunity and equal access to “inside” information.
 - 2.1.2. At the first Board meeting following an election or at a director’s first meeting in the case of appointment or at the first Board meeting following the Annual Meeting in years with no election, each director will complete the “Conflict of Interest Disclosure” form and will verbally report to the whole Board the potential conflicts.
 - 2.1.2.1. Any subsequent potential conflicts will be reported to the whole Board at the beginning of each Board meeting.
 - 2.1.3. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
 - 2.1.4. A director who applies for employment must first resign from the Board.
 - 2.1.5. 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.
 - 2.1.5.1. Any director who is also a paid employee will resign from the Board if and when his/her employment ends.
3. Directors may not attempt to exercise individual authority over the organization.
 - 3.1. When interacting with the General Manager or employees, directors must carefully and openly recognize their lack of authority.
 - 3.2. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
4. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
5. Directors will prepare for, attend and participate fully in all Board meetings and trainings.
6. Directors will support the legitimacy and authority of the Board’s decision on any matter irrespective of the director’s personal position on the issue.

POLICY TYPE: BOARD PROCESS
POLICY TITLE: C6 – OFFICERS’ ROLES
LAST REVISED: CBLD Template: November 15, 2014

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

1. No officer has any authority to supervise or direct the General Manager.
2. Officers may delegate their authority but remain accountable for its use.
3. The president ensures the Board acts consistently with Board policies.
 - 3.1. The president is authorized to make decisions that are consistent with Board Process and Board-Management Relationship policies in order to facilitate the Board’s functioning.
 - 3.2. The president will chair and set the agenda for Board meetings.
 - 3.3. The president plans for leadership (officer) perpetuation.
 - 3.4. The president may represent the Board to outside parties.
4. The vice-president will perform the duties of the president in her/his absence.
5. The treasurer will lead the Board’s process for creating and monitoring the Board’s (not the Cooperative’s) budget.
 - 5.1. In addition, the treasurer will facilitate the Board’s understanding of the financial condition of the Cooperative and
 - 5.2. Pursuant to WFC’s Bylaws, the treasurer shall retain the responsibility to review and supervise the execution of duties delegated to employees relating to the receipt and disbursements of all funds of the cooperative and relating to ensuring that complete records of all financial transactions of the Cooperative are kept.
6. The secretary will make sure the Board’s documents are accurate, up to date, and appropriately maintained.
 - 6.1. In addition and pursuant to WFC’s Bylaws, the secretary will sign, as secretary, with the president, all notes, deeds and other conveyances of real estate and, as applicable, all certificates of stock of the cooperative.
 - 6.2. Will ensure that a complete and detailed report of the most recently ended fiscal year is prepared and submitted to owners by mail and/or at the annual meeting; the report shall contain a statement of assets and liabilities, a statement of income and expenses, and such other statements and statistical memoranda as the Board shall require.
 - 6.3. Will serve or cause to be served and attest to all notices required by law.

POLICY TYPE: BOARD PROCESS
POLICY TITLE: C7 – BOARD COMMITTEE PRINCIPLES
LAST REVISED: CBLD Template: November 15, 2014

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

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

POLICY TYPE: **BOARD PROCESS**
POLICY TITLE: **C8 – GOVERNANCE INVESTMENT**
LAST REVISED: **CBLD Template: November 15, 2014**

The Board will invest in the Board's governance capacity.

1. The Board will ensure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. The Board will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
 - 2.1. The Board will use training and retraining liberally to orient new directors and board candidates, as well as to maintain and increase existing directors' skills and understanding.
 - 2.2. The Board will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - 2.3. The Board will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
 - 2.4. The Board will use professional and administrative support.
3. The Board will develop the Board's annual budget in a timely way so as to not interfere with the development of the Cooperative's annual budget.
 - 3.1. In no case will the Board complete this work later than April.

As amended by the Board of Directors on April 27, 2015

POLICY TYPE: BOARD-MANAGEMENT RELATIONSHIP
POLICY TITLE: D – GLOBAL BOARD-MANAGEMENT CONNECTION
LAST REVISED: CBLD Template: November 15, 2014

The Board's sole official connection to the operations of the Cooperative will be through the General Manager.

As amended by the Board of Directors on April 27, 2015

POLICY TYPE: BOARD-MANAGEMENT RELATIONSHIP
POLICY TITLE: DI- UNITY OF CONTROL
LAST REVISED: CBLD Template: November 15, 2014

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

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

POLICY TYPE: BOARD-MANAGEMENT RELATIONSHIP
POLICY TITLE: D2 – ACCOUNTABILITY OF THE GENERAL MANAGER
LAST REVISED: CBLD Template: November 15, 2014

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

1. The Board will view General Manager performance as identical to organizational performance so that organizational accomplishment of ENDS and organizational operation within Executive Limitations will be viewed as successful General Manager performance.
2. The Board will not instruct or evaluate any employee other than the General Manager.

POLICY TYPE: BOARD-MANAGEMENT RELATIONSHIP
POLICY TITLE: D3 – DELEGATION TO THE GENERAL MANAGER
LAST REVISED: CBLD Template: November 15, 2014

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

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

POLICY TYPE: BOARD-MANAGEMENT RELATIONSHIP
POLICY TITLE: D4 – MONITORING GENERAL MANAGER PERFORMANCE
LAST REVISED: CBLD Template: November 15, 2014

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

1. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM discloses policy interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (c) by direct Board inspection, in which a designated director or committee assesses compliance with the policy.
2. In every case, the Board's standard for compliance will be any reasonable General Manager interpretation (as described by operational definitions and metrics) of the Board policy being monitored.
 - 2.1. The Board is the final arbiter of reasonableness, but the Board will always judge with a "reasonable person" test rather than with interpretations favored by individual directors or by the Board as a whole.
3. The Board will accept that the General Manager is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
4. The Board will monitor all policies that instruct the General Manager.
 - 4.1. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board's Annual Calendar.
5. The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from the previous four quarters, will be completed by May 1.
 - 5.1. The Board will make its decisions concerning the evaluation and, as applicable, the employment contract and compensation no later than the May Board meeting each year.