

Belfast
Cooperative, Inc.
POLICY REGISTER

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Revisions:

September 25, 2014 – revised C8.3; changed “Belfast Cooperative Store” to “Belfast Cooperative, Inc.” and “BCS” to “BCI” throughout.

January 22, 2015 – Added B7.8; revised C5.2 and C5.5

April 23, 2015 – Considered draft of A – Global Ends and C1

June 25, 2015 – approved version of A – Global Ends

October 29, 2015 – approved revised C4 – Meetings

December 17, 2015 – approved revised B7.6

April 28, 2016 – approved revised C3.3

June 30, 2016 – approved revised C5.3b

September 1, 2016 – approved addition C7.4

September 1, 2016 – approved revised C2 – The Board’s Role

January 25, 2018 – approved revised B1 – Financial Condition and Activities

January 25, 2018 – approved addition C8.5

March 22, 2018 – approved addition of C8.3

March 22, 2018 – approved revised A – Global Ends

August 23, 2018 – approved addition of B6.2

November 29, 2018 – approved revised C4.1

January 24, 2019 – approved revised C4.5

April 25, 2019 – approved revised B1.13

August 22, 2019 – approved revised C7.1

October 24, 2019 – approved revised C8.2a

July 23, 2020 – approved revised C1

September 24, 2020 – approved revised C8.4

December 17, 2020 – approved revised C5.7

January 28, 2021 – approved revised D1.1

March 25, 2021 – approved gender inclusive language in policies: B6.4; B7.4; B9; C5.1; C5.2b; C6.4; & D4.3

July 29, 2021 – approved revised C3.2 & revised C6

May 19, 2022 – approved revised C5.2b & revised C5.5

June 16, 2022 – approved revised C5.2d, revised D4.2, & revised D4.3

October 26, 2022 – approved addition C8.6

Policy Type: Ends

Policy Title: A – Global Ends

Last Revised: **Board Meeting: March 22, 2018**

The Belfast Co-op exists so that our member-owners and our community will have:

1. A thriving, just, and sustainable local food economy.
2. A source of healthy, nutritious, affordable food, and water.
3. An efficiently managed, democratically governed, inclusive cooperative enterprise.
4. A greater understanding of health, food systems, cooperatives, and economic and environmental sustainability.
5. An invested, engaged, and empowered staff that thrive in a safe, respectful, inclusive, and equitable workplace.

Policy Type: Executive Limitations

Policy Title: B – Global Executive Constraint

Last Revised: **BCI Retreat: April 27, 2014**

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

Policy Type: Executive Limitations
Policy Title: BI – Financial Condition and Activities
Last revised: **Board Meeting: April 25, 2019**

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

The GM must not:

1. Allow sales growth to be inadequate to meet organizational goals.
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 equity to be insufficient.
6. Default on any terms that are part of the Co-op's loans.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Acquire, encumber or dispose of real estate.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
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).
13. Fail to meet at least quarterly with the Treasurer to review the status of the budget for the Board of Directors to review the General Manager's credit card statements.

Policy Type: Executive Limitations
Policy Title: B2 – Business Planning and Financial Budgeting
Last revised: **BCI Retreat: April 27, 2014**

The General Management must not cause or allow business planning and budgeting to a) deviate significantly from the Board's Ends priorities, b) risk financial jeopardy, or c) fail to be derived from a multiyear plan.

The GM must not:

1. Create plans or budgets that
 - a. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
 - b. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
 - c. Have not been tested for feasibility.
 - d. Ignore the triple bottom line (people, planet, profit).
2. Provide less for Board expenses during the year than is set forth in the board budget.

Policy Type: Executive Limitations
Policy Title: B3 – Asset Protection
Last revised: **BCI Retreat: April 27, 2014**

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

The GM must not:

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

Policy Type: Executive Limitations
Policy Title: B4 – Membership Rights and Responsibilities
Last Revised: **BCI Retreat: April 27, 2014**

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

The GM must not:

1. Create or implement a member equity system without the following qualities:
 - a. The required member equity and annual membership fee are determined by the Board.
 - b. 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 Co-op's financial viability.
 - c. Equity will not be refunded if such refunds would lead to a net decrease in total member paid-in equity, and would risk, cause or exacerbate non-compliance with any Financial Condition policy.
2. Implement a patronage dividend system that does not
 - a. Comply with IRS and State regulations.
 - b. Allow the Board to examine a range of options and implications, so the Board can make a timely determination each year concerning how much, if any, of the Co-op's net profit will be allocated and distributed to members.

Policy Type: Executive Limitations
Policy Title: B5 – Treatment of Customers
Last Revised: **BCI Retreat: April 27, 2014**

The General Management must not be unresponsive to customer needs.

The GM 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: **Board Meeting: March 25, 2021**

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

The GM must:

1. Operate with written personnel policies that:
 - a. Clarify rules for staff.
 - b. Provide for fair and thorough handling of grievances in a way that does not include the board as a participant in the grievance process.
 - c. Are accessible to all staff.
 - d. Inform staff that employment is neither permanent nor guaranteed.
2. Report on annual staff turnover statistics.

The GM must not:

1. Cause or allow personnel policies to be inconsistently applied.
2. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
3. Establish compensation and benefits that are internally or externally inequitable, or fail to make reasonable progress towards a living wage standard.
4. Change the GM's own compensation and benefits, except as their benefits are consistent with a package for all other employees.

Policy Type: Executive Limitations
Policy Title: B7 – Communication to the Board
Last Revised: **Board Meeting: March 25, 2021**

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

The GM must not

1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and related verifiable data.
2. Report in an untimely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
3. Allow the Board to be unaware of legal actions, media coverage, trends, public events relevant to the Cooperative.
4. Withhold their opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board, the GM and staff.
5. Deal with the Board in a way that favors or privileges certain directors over others except when responding to officers or committees duly charged by the Board.
6. Fail to supply for the Board's monthly meeting agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.
7. Fail to inform the Board of any significant customer concerns or issues and actions taken by the GM to address them.
8. Fail to provide to the Board monthly general operational reports.

Policy Type: Executive Limitations
Policy Title: B8 –Board Logistical Support
Last Revised: **BCI Retreat: April 27, 2014**

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

The GM must not:

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

Policy Type: Executive Limitations

Policy Title: B9 – Emergency General Management Succession

Last revised: **Board Meeting: March 25, 2021**

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

Policy Type: Board Process

Policy Title: C – Global Governance Commitment

Last Revised: **BCI Retreat: April 27, 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 and enhancing our democratic organization.

Policy Type: Board Process
Policy Title: CI – Governing Style
Last Revised: **Board Meeting: July 23, 2020**

We will govern in a manner consistent with the Four Pillars of Cooperative Governance (Teaming, Accountable Empowerment, Strategic Leadership, Democracy) and observe the 10 Policy Governance principles (Ends Policies, Ownership, Board Process Policies, Board Holism, Board-Management Relationship Policies, Governance Position, Limitations Policies, Policies/Decisions Come in Sizes, Any Reasonable Interpretation, Monitoring)¹*. In order to do this, we will:

1. Be a strategic leader by focusing our vision locally, globally, 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.
3. Maintain team integrity **through honesty, truthfulness, and a strong moral consistency and accountability by assuming responsibility for our actions, decisions, and policies**.
4. Use modified consensus decision-making.
5. Practice the habits of a successful democracy **by being fair in all dealings, open to differing viewpoints and opinions, and by using various sources of information in our decision making**.
6. Obey all relevant laws and bylaws.

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For further explanation of the 10 Policy Governance Principles see “POLICY GOVERNANCE® SOURCE DOCUMENT” in the appendix

Policy Type: Board Process

Policy Title: C2 – The Board’s Role

Last Revised: **Board Meeting: September 1, 2016**

In order to govern successfully, we will:

1. Practice, protect, promote and perpetuate a healthy democracy for our Cooperative.
2. Hire, compensate, delegate responsibility to, and hold accountable General Management.
3. Use a strategic process to establish the value of GM compensation, and complete this process in a timely manner.
4. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles within the Board and GM.
5. Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship.
6. Perpetuate the Board’s leadership capacity using ongoing education and training.
7. Recruit qualified candidates using a nomination process and fair elections.
8. Actively encourage communications between member-owners and the Board, and facilitate member-owner engagement with our Cooperative.
9. Perform other duties as required by the bylaws or because of limitations on GM authority.

Policy Type: Board Process
Policy Title: C3 – Agenda Planning
Last Revised: **Board Meeting: July 29, 2021**

We will follow a strategic multi-year workplan and annual agenda.

1. We will create, and modify as necessary, an annual calendar that includes but is not limited to tasks and events related to: our multi-year workplan, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions.
2. Board meeting agendas will be determined by the Officers and may be modified at the meeting by a decision of the Board.
3. We may use a consent agenda for approval of items not requiring discussion at the board meeting.

Policy Type: Board Process

Policy Title: C4 – Board Meetings

Last Revised: **Board Meeting: January 24, 2019**

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

1. We will use Board meeting time only for work that is the whole Board's responsibility. We will minimize committee issues, operational matters, personal concerns and other topics that are not the highest and best use of our time.
2. Meetings will be open to the membership except when executive session is officially called.
3. We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
4. We will seek consensus through discussion. We will then finalize and document decisions through the use of the modified consensus process.
5. Secretary compiles minutes (with help from the scribe as needed) and submits Draft Minutes for Approval to be included in Board Meeting packet seven days prior to the next monthly meeting.

Policy Type: Board Process
Policy Title: C5 – Directors’ Code of Conduct
Last Revised: **Board Meeting: June 16, 2022**

We each commit ourselves to ethical, professional and lawful conduct.

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.
2. As fiduciaries, the directors may not put themselves in a position where their interests and duties conflict with the duties and accountability that they must demonstrate to the interests of the Co-op’s member/owners.
 - a. 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.
 - b. At a new director’s first board meeting, they will complete the “Code of Conduct” form, and will disclose to the whole board the potential conflicts. Any subsequent potential conflicts will be reported to the whole board immediately.
 - c. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
 - d. 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. If any director who is also an employee leaves their paid position at the Co-op, the remaining directors will make an independent determination regarding the individual’s continued service on the board.
3. Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
 - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions. If a Board member is stating a personal opinion that is contrary to a decision of the Board they must state clearly that what they are saying is a personal opinion, making sure their listener understands the distinction.

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. It is the director's responsibility to communicate to the Board if they are unable to do so.
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.
7. Any director who does not follow the code of conduct policy can be removed from the Board by a decision of 2/3 of the remaining Board.

Policy Type: Board Process
Policy Title: C6 – Officers’ Roles
Last Revised: **Board Meeting: July 29, 2021**

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

1. No officer has any authority to supervise or direct the GM, except under explicit delegation by the Board.
2. Officers may delegate their authority but remain accountable for its use.
3. The president ensures the Board acts consistently with Board policies.
 - a. The president is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.
 - b. The president plans for leadership (officer) perpetuation.
 - c. The president may represent the Board to outside parties.
4. The vice-president will perform the duties of the president in the president’s absence.
5. The treasurer, in conjunction with the Finance Committee, will lead the Board’s process for creating and monitoring the Board’s (not the Co-op’s) budget.
6. In addition, the treasurer, in conjunction with the Finance Committee, will facilitate the Board’s understanding of the financial condition of the Cooperative.
7. The secretary will make sure the Board’s documents are accurate, up to date, and appropriately maintained.

Policy Type: Board Process
Policy Title: C7 – Board Committee Principles
Last Revised: **Board Meeting: August 22, 2019**

We will use Board committees only to help us accomplish the work of the board.

1. Committees will reinforce and support Board holism by researching alternatives and bringing back information and recommendations.
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, through written committee charters, committee expectations and authority to make sure they do not conflict with authority delegated to the GM.
4. All committee membership shall be subject to the advice and consent of the full Board.

Policy Type: Board Process
Policy Title: C8 – Governance Investment
Last Revised: **Board Meeting: October 26, 2022**

We will invest in the Board's governance capacity.

1. We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs prudently.
 - a. We will use training and retraining to orient new directors and board candidates, as well as to maintain and increase existing directors' skills and understanding.
 - b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - c. We will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
 - d. We will use professional and administrative support.
3. We will submit reasonable expenses incurred in the execution of Board duties.
4. We will present the Board's annual budget no later than one month before the Co-op's annual budget.
5. The Treasurer will meet at least quarterly with the General Manager to review the status of the budget for the Board of Directors and will report any significant issues at the next subsequent regular Board meeting.
6. Existing directors will receive a small, monthly stipend in recognition of their service.

Policy Type: Board-Management Relationship

Policy Title: D – Global Board-Management Connection

Last Revised: **BCI Retreat: April 27, 2014**

The Board's official connection to the operations of the cooperative will be through the General Management.

Policy Type: Board-Management Relationship

Policy Title: DI – Unity of Control

Last Revised: **Board Meeting: January 28, 2021**

Only modified consensus decisions of the Board are binding on the GM.

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

Policy Type: Board-Management Relationship

Policy Title: D2 – Accountability of the GM

Last Revised: **BCI Retreat: April 27, 2014**

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

1. Organizational performance reflects GM performance. Accomplishment of Ends and operation within Executive Limitations will be viewed as successful GM performance.
2. The Board will not instruct or evaluate any employee other than the GM.

Policy Type: Board-Management Relationship

Policy Title: D3 – Delegation to the GM

Last Revised: **BCI Retreat: April 27, 2014**

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

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

Policy Type: Board-Management Relationship
Policy Title: D4 – Monitoring GM Performance
Last Revised: **Board Meeting: June 16, 2022**

The Board will systematically and rigorously monitor and evaluate the GM'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 GM 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 directors.
3. The Board will accept that the GM is compliant with a policy if the GM presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
4. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board Annual Calendar.
5. The Board's annual evaluation of the General Management, based on a summary of monitoring reports received from January 1 through December 31, will be completed by February 28. The Board will make its decisions concerning the evaluation no later than March 31.

APPENDICES

CODE OF CONDUCT

As a co-op director, I commit myself to ethical, professional and lawful conduct.

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.
2. As fiduciaries, the directors may not put themselves in a position where their interests and duties conflict with the duties and accountability that they must demonstrate to the interests of the Co-op's member/owners.
 - a. 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.
 - b. At a new director's first board meeting, they will complete the "Code of Conduct" form, and will disclose to the whole Board the potential conflicts. Any subsequent potential conflicts will be reported to the whole Board immediately.
 - c. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
 - d. 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. If any director who is also an employee leaves their paid position at the Co-op, the remaining directors will make an independent determination regarding the individual's continued service on the Board.
3. Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
 - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
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. It is the director's responsibility to communicate to the Board if they are unable to do so.
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.
7. Any director who does not follow the code of conduct policy can be removed from the Board by a decision of 2/3 of the remaining Board.

By signing this document, I acknowledge that I have read and understand it, and I am signing voluntarily.

Signature of Belfast Co-op director

Date

Printed Name

Adapted from Policy C5 – Directors' Code of Conduct: 06/22

Belfast Co-op Board Development Committee Charter

Charge

The Board Development Committee is responsible for ensuring the effectiveness, perpetuation, training, and education of the Board, and the accountability and transparency of its policies and processes.

Membership

The committee will include a chairperson and at least two other Board Directors. These, and any at large members of the committee, should be familiar with and versed in Policy Governance and the Policy Register of the Co-op. Membership in the committee is subject to the advice and consent of the full board.

Meetings

The committee will meet monthly. The chairperson will call meetings, set the agenda, and report to the Board on a regular basis.

Activities

The Committee will:

1. Maintain the Policy Governance compliance monitoring reports and summary, and ensure the policy register is updated when changes are approved by the Board.
2. Lead the Board in self-evaluations through reflection on its C – Board Process and D – Board-Management Relationship policies.
3. Gather and present educational materials to improve effective functioning of the Board.
4. Assist the Board in activities of board development, such as training and planning.
5. Identify conferences and other external opportunities for board development and facilitate the participation of Board members.
6. Plan the Board's Annual Retreat and provide for its facilitation.
7. Recruit board members year-round.
8. Provide for orientation of new directors to include Board procedures, directors' responsibilities, Policy Governance, and the Board's calendar.

Belfast Co-op Board Finance Committee Charter

Charge

The Finance Committee supports the Board in exercising its fiscal oversight and fiduciary responsibilities. The committee will take an active part in periodic reviews of financial reports presented by management and will support or recommend to the Board financial and accounting policies and practices that strengthen the Co-op. The Committee will investigate whether an audit or a review is needed each year, and will recommend to the Board what type or kinds of audit services to purchase.

Membership

The Board Treasurer will head the Committee, which will also include no fewer than one and up to six other members, the sum of which may be comprised of any combination of: (a) Board Member(s); and (b) Member-Owner(s) with expertise in accounting, financial management, or banking, and a commitment to the Seven Co-operative Principles. The Board will appoint and remove committee members. All committee members must declare any potential conflicts of interest before serving. The General Manager will participate in all meetings.

Activities

The Board authorizes the Committee to ask the General Manager to provide information that may reasonably be needed to conduct committee business. The Committee is authorized to conduct meetings with chosen outside auditors within the limits of the Committee's budget.

The Committee will:

1. Meet monthly, as needed, but no less than once a quarter. Minutes of each meeting will be kept and distributed to committee members and the Board.
2. Negotiate fees with auditors and recommending pre-approval of auditing services, before those services are delivered, as well as reviewing the performance of the auditors; and providing for regular audits to be performed on a schedule of once every three years, except as may be directed otherwise by the Board.
3. Provide financial orientation materials for new or existing board members.
4. Review B1: Financial Condition (quarterly) and B2: Planning & Budgeting (annual) monitoring reports in preparation for board meetings, and highlight for the Board significant trends and any noncompliance.
5. Make recommendations to the Board regarding patronage dividends, refunds and retains, using the audited or reviewed end-of-year financials for the completed fiscal year.
6. Review proposals from the General Manager concerning major capital purchases, long-term financial planning, and debt acquisition, and make recommendations concerning these proposals to the Board.
7. Receive budget proposals from other board committees in July, and create the initial draft of the annual board budget for approval by the Board in August. Monitor board expenses against the board budget at least quarterly, and prepare materials for annual reporting on C8: Governance Investment in September.
8. Review its effectiveness annually, and endeavor to stay abreast of changes in financial reporting, auditing and co-operative laws.

Code of Conduct

The committee commits itself and its individual members to ethical, businesslike and lawful conduct, and to adherence with Generally Accepted Accounting Principles, and the laws and tax codes of the State of Maine and the United States Internal Revenue Service, in its deliberations, decisions, and recommendations.

Belfast Co-op Owner Engagement Committee Charter

The purpose of the Owner Engagement Committee is to:

Facilitate communication between the Board of Directors and Owners

The duties of the Owner Engagement Committee are:

1. To Encourage Owner involvement in the Co-op
2. To work with management in organizing and executing Annual Meetings and Elections
3. Organize and facilitate Owner Forums, Events, and Activities
4. Partner with other committees to Coordinate annual elections
 - a. Encourage Owner participation in annual elections
 - b. Assist in compilation of election results

Owner Engagement Committee composition

The Owner Engagement Committee will be made up of directors, staff, and member-owners. Staff involvement is with the understanding that any participation in any board committees is as an owner and any work that they take on without operational request will be done on personal time. This committee will be led by a Chair, who will be chosen by the committee members through consensus on an annual basis at the beginning of each term. The Chair will be chosen from the directors on the committee. If any person chooses to join the Owner Engagement Committee mid-way through the term, they will be provided with the Owner Engagement Committee Charter.

All committee membership shall be subject to the advice and consent of the full Board.

Owner Forums

1. The purpose of these forums is to encourage, welcome, and grow owner engagement in our Co-op community. The goal is to provide our owners with a better understanding of our co-op, a venue where all can feel heard, and authentic opportunities for active participation in shaping our co-op.
2. Forum will be based on timely topics of relevance to the Owners. Additional topics will be provided through Owner suggestions and chosen at the committee meeting following each forum, allowing ample time for research and publicity.
3. The committee members will research upcoming topics in order to provide relevant and informative material for each forum.

Owner Events and Activities

1. The purpose of Owner events and activities is to bring owners together to strengthen our co-op community and potentially gather informal owner feedback. The goal is forging stronger connections amongst owners, and between owners and the BOD.
2. Activities and events are gatherings meant to bring owners together such as (but not limited to) ice cream socials, potlucks, volunteer opportunities, or movie nights. These activities and events may support operations but will not duplicate or replace other Co-op led events.

POLICY GOVERNANCE® SOURCE DOCUMENT

Why a Source Document?

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

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

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

What Policy Governance is NOT!

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

What Policy Governance IS!

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

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

Principles of Policy Governance

1. **Ownership:** The Board connects its authority and accountability to those who morally if not legally own the organization—if such a class exists beyond the Board itself—seeing its task as servant-leader to and for that group. “Owners,” as used in the Policy Governance model, are not all stakeholders, but only those who stand in a position corresponding to shareholders in an equity corporation.
2. **Governance Position:** With the ownership above it and operational matters below it, governance forms a distinct link in the chain of command or moral authority. Its role is commander, not advisor. It exists to exercise that authority and properly empower others rather than to be management’s consultant, ornament, or adversary. The Board—not the staff—bears full and direct responsibility for the process and products of governance, just as it bears accountability for any authority and performance expectations delegated to others.
3. **Board Holism:** The Board makes authoritative decisions directed toward management and toward itself, its individual members, and committees only as a total group. That is, the Board’s authority is a group authority rather than a summation of individual authorities.
4. **Ends Policies:** The Board defines in writing the (a) results, changes, or benefits that should come about for specified (b) recipients, beneficiaries, or otherwise defined impacted groups, and (c) at what cost or relative priority for the various benefits or various beneficiaries. These are not all the possible “side benefits” that may occur, but those that form the purpose of the organization, the achievement of which constitutes organizational success. Policy documents containing solely these decisions are categorized as “Ends” in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.

5. **Board Means Policies:** The Board defines in writing those behaviors, values-added, practices, disciplines, and conduct of the Board itself and of the Board's delegation/accountability relationship with its own subcomponents and with the executive part of the organization. Because these are non-ends decisions, they are called "Board means" to distinguish them from ends and staff means. In describing the Policy Governance model, documents containing solely these decisions are categorized as Governance Process and Board-Management Delegation, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
6. **Executive Limitations Policies:** The Board makes decisions with respect to its staff's means decisions and actions only in a proscriptive way in order simultaneously (a) to avoid prescribing means and (b) to put off limits those means that would be unacceptable even if they work. Policy documents containing solely these decisions are categorized as "Executive Limitations" in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
7. **Policy "Sizes":** The Board's decisions in Ends, Governance Process, Board-Management Delegation, and Executive Limitations are made beginning at the broadest, most inclusive level and, if necessary, continuing into more detailed levels that narrow the interpretative range of higher levels, one articulated level at a time. These documents—which replace or obviate Board expressions of mission, vision, philosophy, values, strategy, and budget—are called policies in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
8. **Delegation to Management:** If the Board chooses to delegate to management through a chief executive officer, it honors the exclusive authority/accountability of that role as the sole connector between governance and management.
9. **Any Reasonable Interpretation:** In delegating further decisions—beyond the ones recorded in Board policies—the Board grants the delegatee the right to use any reasonable interpretation of those policies. In the case of Ends and Executive Limitations when a CEO exists, that delegatee is the CEO. In the case of Governance Process and Board-Management Delegation, that delegatee is the CGO (chief governance officer) except when the Board has explicitly designated another Board member or Board committee.
10. **Monitoring:** The Board monitors organizational performance through fair but systematic assessment of whether a reasonable interpretation of its Ends policies is being achieved and a reasonable interpretation of its Executive Limitations policies is being avoided. If there is a CEO, this constitutes the CEO's evaluation.

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

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

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

Produced by International Policy Governance Association in consultation with John and Miriam Carver, 2005 - 2007.
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