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FIDDLEHEADS BOARD POLICY MANUAL

Ends A – Global End (Adopted January 6, 2014)

Fiddleheads Natural Foods Cooperative exists so that Southeastern Connecticut is a healthy, robust, just and inclusive community.

Ends A1 – Food Justice (Adopted January 6, 2014)

Fiddleheads exists so that Southeastern Connecticut is a model for achieving food justice for all.

Ends A2 – Thriving Local Economy (Adopted January 6, 2014)

Fiddleheads exists so that Southeastern Connecticut is a thriving, locally-based economy.

Ends A3 – Sense of Community (Adopted January 6, 2014)

Fiddleheads exists so that shoppers and members have a strong sense of community.

Ends A4 – Growing Co-op Model Use (Adopted January 6, 2014)

Fiddleheads exists so that Southeastern Connecticut has a growing use of the co- op model.

Ends A5 – Food and Health Knowledge (Adopted January 6, 2014)

Fiddleheads exists so that Southeastern Connecticut is knowledgeable about food systems, and personal and environmental health.

Ends A6 – Workplace (Adopted January 6, 2014)

Fiddleheads exists so that Southeastern Connecticut has meaningful work opportunities in a supportive environment.

Executive Limitations B – Global Executive Constraint
(Adopted June 18, 2013)

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.

Executive Limitations B1 – Financial Condition and Activities
(Revised August 18, 2015)

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:

1) Allow sales to decline or be stagnant.

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

6) Acquire, encumber or dispose of real estate.

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

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

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

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

11) Allow growth in ownership and owner paid-in equity to be insufficient.

Executive Limitations B2 – Business Planning and Financial Budgeting

(Adopted June 18, 2013)

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:

1) Create plans or budgets that

    a. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities" (Policy B1).

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

    d. Have not been tested for feasibility.

2) Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy (Policy C8).

Executive Limitations B3 – Asset Protection

(Adopted June 18, 2013)
(Revised May 15, 2018)

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

The GM will 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.

    a. Authorize any capital expenditure ≥ $5000 without prior approval.

    b. Incur any reimbursable obligations without approval by a designated Board member appointed by the President.

7) Allow lack of due diligence in contracts.

8) Allow damage to the Cooperative's public image.

Executive Limitations B4 – Membership Rights and Responsibilities
(Adopted June 18, 2013)

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

The GM will not:

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

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

    b. Members are informed that equity investments are at risk.

    c. Equity will not be refunded if such refunds would lead to a net decrease in total member paid-in equity, or would risk, cause or exacerbate non- compliance with any Financial Condition policy (Policy B1).

2) Implement a patronage distribution system that does not

    a. Comply with IRS 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 Cooperative's net profit will be allocated and distributed to members.

Executive Limitations B5 – Treatment of Customers

(Adopted June 18, 2013)

(Revised March 20, 2018)

The General Manager shall not be unresponsive to customer needs. The GM will 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.

3) Operate without a system for providing direct communications with our customers.

Executive Limitations B6 – Staff Treatment and Compensation

(Adopted June 18, 2013)

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

1) Operate without 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) Cause or allow personnel policies to be inconsistently applied.

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

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

5) Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

Executive Limitations B7 – Communication to the Board

(Adopted June 18, 2013)

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

The GM will 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) Fail to report any actual or anticipated noncompliance with any Board policy, with a plan for reaching compliance, in a timely manner.

3) Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes.

4) Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process (Policy C1) and Board-Management Delegation (Policy D3) particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.

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.

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.

Executive Limitations B8 – Board Logistical Support

(Revised April 21, 2015)

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

1) Provide for insufficient staff administration to support governance activities and Board communication.

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

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

4) Allow insufficient archiving of board documents.

Executive Limitations B9 – Emergency GM Succession

(Adopted June 18, 2013)

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.

Board Process C – Global Governance Committment

(Adopted June 18, 2013)

Acting on behalf of our owners, the Board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

Board Process C1 – Governing Style

(Adopted June 18, 2013)

We will govern in a way that emphasizes empowerment and clear accountability. In order to do this, we will:

1) Focus our vision outward and toward the future.

2) Observe the 10 Policy Governance principles.

    a. Ends Policies

    b. Ownership

    c. Board Process Policies

    d. Board Holism

    e. Board-Management Relationship Policies

    f. Governance Position

    g. Limitations Policies

    h. Policies (Decisions) Come in Sizes

    i. Any Reasonable Interpretation

    j. Monitoring

3) Maintain group discipline, authority and responsibility.

4) Clearly distinguish Board and General Manager roles.

5) Encourage diverse viewpoints.

6) Obey all relevant laws and bylaws.

Board Process C2 – The Board's Job

(Adopted June 18, 2013)

In order to govern successfully, we will:

1) Create and sustain a meaningful relationship with member-owners.

2) Hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See D. Board GM Relationship Policies)

    a. Use a strategic process to establish the value of GM compensation, and complete this process in a timely manner.

3) 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 (Policy A1), Executive Limitations (Policy B, et seq.), Board Process (Policy C, et seq.) and Board-Management Relationship (Policy D, et seq.), as described in the Policy Governance principles.

4) Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.

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, training and recruitment.

7) Perform other duties as required by the bylaws or because of limitations on GM authority.

Board Process C3 – Agenda Planning

(Adopted June 18, 2013)

We will follow a strategic multi-year workplan and annual agenda that focuses our attention upward and outward.

I. We will create, and modify as necessary, an annual calendar that includes tasks and events related to our multi-year workplan, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies (Policy D, et seq.).

II. Throughout the year, we will attend to consent agenda items as expeditiously as possible.

III. We will limit the amount of meeting time taken up by Executive Limitations monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.

Board Process C4 – Board Meetings

(Adopted June 18, 2013)

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 avoid committee issues, operational matters and personal concerns.

2) Meetings will be open to the membership except when executive session is officially called.

    a. 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.

3) We will seek consensus through discussion. We will then finalize and document decisions through the use of motions, seconds and majority vote.

4) The meeting agenda will be determined by the Board president, and may be modified at the meeting by a majority vote of the Board.

Board Process C5 – Directors' Code of Conduct

(Adopted December 19, 2017)

We each commit ourselves to ethical, businesslike and lawful conduct internal and external to Fiddleheads.

1) Every 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 unconflicted loyalty to the interests of the Cooperative's owners. 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 member.
    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. 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.
    c. A director who applies for employment must first resign from 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 are expected to prepare for and attend 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.

Board Process C6 – Officers' Roles

(Adopted June 18, 2013)
(Revised March 20, 2018)

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

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

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 will set the agenda for Board Meetings and facilitate the meeting or will ensure the facilitator is adequately prepared.

    c. The president plans for perpetuation.

    d. The president may represent the Board to outside parties.

    e. The president ensures that Directors meet their obligations

    f. The president ensures continuity of the Board through oversight of the Nominating Committee

    g. The president is a standing member of all Board committees

4) The vice-president will perform the duties of the president in her/his absence.
    a. In addition, the vice-president will be responsible for managing, conducting, and reporting on the Board Monitoring Review and self-evaluation.

5) The treasurer will lead the Board's process for creating and monitoring the Board's (not the Cooperative's) budget.

    a. In addition, the treasurer will facilitate the Board's understanding of the financial condition of the Cooperative and shall provide an annual report of the Coop's financial condition at each annual meeting of the Member- Owners.

6) The secretary will make sure the Board's documents are accurate, up to date, and appropriately maintained as required under Connecticut General Statutes.

    a. In addition, the Secretary will make sure final versions of the minutes are prepared and distributed to the Board each month for approval and posted once approved.

Board Process C7 – Board Committee Principles

(Adopted June 18, 2013)

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

I. Committees will reinforce and support the wholeness of the Board.
    a. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.

II. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.

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

    a. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

Board Process C8 – Governance Investment

(Revised February 7, 2015)

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, though not at the expense of endangering the development and maintenance of superior capability.

    a. We will use training and retraining liberally to orient new directors and candidates for membership, 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 as needed.

3) We 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. In no case will we complete this work later than September.

Board-Management Relationship D – Global Board Management Connection

(Adopted June 18, 2013)

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

Board-Management Relationship D1 – Unity of Control

(Adopted June 18, 2013)

Only officially passed motions 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.

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.

Board-Management Relationship D2 – Accountability of the GM

(Adopted June 18, 2013)

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

1) The Board will view GM performance as identical to organizational performance so that the Cooperative's accomplishment of Board-stated ends and avoidance of Board-proscribed means will be viewed as successful GM performance.

2) The Board will not instruct or evaluate any employee other than the GM.

Board-Management Relationship D3 – Delegation to the GM

(Adopted June 18, 2013)

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 all further 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.

Board-Management Relationship D4 – Monitoring GM Performance

(Revised August 18, 2015)

The Board will systematically and rigorously monitor and evaluate the GM's job performance.

1) Monitoring is how the Board determines the degree to which the GM is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.

2) The Board will acquire monitoring information limited to one or more of the following three methods: (a) by internal report, in which the GM discloses interpretations and compliance information to the Board; (b) by external report, in which an external, neutral 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 criteria.

3) In every case, the 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 or by the Board as a whole.

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

5) 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.

6) The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from (January) through (December), will be completed by (January 30*).* The Board will make its decisions concerning the evaluation and the employment contract, if any, no later than (February 28*).*