

**Silver City Food Co-op  
Board of Directors**

**POLICIES**

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**ENDS / PURPOSE  
POLICY CATEGORY A**

To clarify the meaning and intention of Ends/Purpose policies, we suggest that the Co-op be considered as analogous to a tree.

Vision statements describe the soil in which the tree grows – the world we live in. We consider three aspects of that world in our vision statements: How we treat the planet; how we treat one another; and how we treat other living things.

Value statements describe the tree – our values about cooperative principles, organic foods, interpersonal relationships, relationship with the community, etc., that the Co-op embraces in its operations.

Mission statements describe the fruit of the tree.

Goals are definitive statements and commitments about bringing the tree to fruition. They state what we are going to do.

Strategies define the ways in which we attempt to meet our goals.

This statement will be reviewed annually in October.

Adopted 5/5/2000

**ENDS / PURPOSE**  
**POLICY # A-1**

**VISION STATEMENT**

1. Recognizing that our survival ultimately depends upon healthy ecosystems, we envision a world in which human activities are harmonious with and facilitate the functioning of natural systems.
2. We envision a world in which policies and actions are driven by concern for the environment and the health and well-being of all living things.
3. We envision the Co-op as part of a universal economy based on cooperative principles, operating through a network of cooperatively owned enterprises that will facilitate equal access to resources by all people.

This policy will be reviewed annually in October.

Adopted 5/5/2000  
Modified 10/5/01

**VALUES STATEMENT**

The Board holds values that guide the way in which the Co-op does business. Accordingly, we believe that:

1. A cooperative is an ideal way in which to distribute goods and services in a community.
2. A cooperative facilitates the desire among community members to work together for their common good.
3. A cooperative in communication with its members can best serve the needs of those members and the larger community.
4. All individuals are equally important and should be treated with honesty, fairness, dignity, and respect.
5. A healthy environment, inclusive of sustainable agricultural practices, is essential to our survival and well-being.
6. Good nutrition, best derived from organically-grown foods, is essential to the health of the individual and community.
7. It is in the interest of the community, socially, economically, and environmentally, to support the local economy.
8. Our policies and decisions reflect our commitment to the cooperative principles adopted by the International Cooperative Alliance Congress in Manchester, England, on September 23, 1995.

This policy will be reviewed annually in October.

Adopted 6/2/2000  
Modified 10/5/01

**ENDS / PURPOSE**  
**POLICY # A-2**

**MISSION**

The mission of the Silver City Food Co-op is to

4. Promote sound nutrition in the community;
5. Provide high quality and organic products at competitive prices;
6. Ensure a marketplace for local and organic growers and producers;
7. Create a resource for food, health, and related environmental issues; and
8. Sustain a community-based business under the direction of the people who own it.

This policy will be reviewed annually in October.

Adopted 5/5/2000  
Modified 10/9/2000  
Modified 10/5/01

**ENDS / PURPOSE**  
**POLICY # A-3**

**GOALS and STRATEGIES**

9. Goal: Meet ethical, legal and financial obligations.  
Strategy: Attract, recruit and retain qualified manager(s).
10. Goal: Operate a co-op that facilitates a sense of ownership, loyalty and pride among its members.  
Strategy: Know and serve our members and provide a means for member participation.
11. Goal: Discern and articulate member-shared vision and values.  
Strategy: Focus on meeting members' needs and acting as a purchasing agent for members, rather than on traditional marketing strategies and consumer manipulation.
12. Goal: Consider members' needs in all decision-making.  
Strategy: Solicit information and participation from members and provide a means for members' views on important issues to be heard.
13. Goal: Create and sustain a connection with the community.  
Strategy: Interact with the community in ways that reflect commitment to our visions and values.
14. Goal: Educate members and the community about the cooperative advantage.  
Strategy: Set an example of ideal business practice, based on cooperative principles, for our members and the community.
15. Goal: Encourage a sense of community among members and consumers.  
Strategy: Purchase from local sources, when possible, and support activities that nurture economic self-sufficiency of the community.

This policy will be reviewed annually in October.

Adopted 7/7/2000  
Modified 10/5/01

## **EXECUTIVE LIMITATIONS**

### **POLICY #B1**

#### **STAFF TREATMENT**

Management shall ensure fair and considerate treatment of all paid and volunteer staff. Accordingly, Management is obligated to:

1. Treat employees and potential employees in a non-discriminatory manner, in accordance with existing labor laws.
2. Select, place, and promote employees on the basis of business-related criteria only, such as job qualifications and job performance.
3. Provide a positive work environment.
4. Protect staff from unsafe, unhealthy, or illegal conditions.
5. Provide for a fair and thorough review of any grievance by means of a known procedure which can be used without bias.
6. Provide job descriptions for all jobs.
7. Provide adequate orientation and training for staff.
8. Evaluate all staff members at least annually, based upon established criteria.
9. Post all job openings for staff.
10. Provide appropriate documentation, security, and retention of personnel records.
11. Take appropriate disciplinary action, as needed, in accordance with established policies.

This policy shall be monitored annually by internal report and direct inspection (employee survey) in January.

Adopted 7/7/99  
Modified 7/6/01

## **EXECUTIVE LIMITATIONS**

### **POLICY #B2**

#### **COMPENSATION AND BENEFITS**

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, Management may not discriminate or jeopardize the Co-op's fiscal integrity or its public image.

Accordingly, Management is obligated to:

1. Establish a compensation and wage schedule, based upon job responsibilities, that is applied consistently to all people and positions.
2. Establish current compensation and benefits that:
  - A. Meet or exceed the local market value of the skills employed;
  - B. Are based on a prudent projection of revenues; and
  - C. Reflect equity among Co-op staff members.
3. Periodically determine whether compensation is commensurate with staff performance.

Management shall report on its implementation of this policy annually in November.

The Board shall review this policy annually in November.

Adopted 7/7/99  
Modified 11/2/01

**EXECUTIVE LIMITATIONS  
POLICY #B3**

**BUDGETING and FINANCIAL PLANNING**

Management must act in a manner conducive to maintaining the fiscal integrity of the Co-op. When annual plans are prepared, any fiscal implications must be incorporated into the plan and the annual budget. Annual plans and budgets must be presented to the Board for approval prior to the commitment of funds needed to accomplish the plan. Changes in the plan or in estimated amounts needed to accomplish the plan must be brought to the Board for consideration and approval.

Accordingly, management must prepare a budget that:

1. Contains sufficient detail to support the revenue and expense projections.
2. Separates operational expenses from capital expenditures.
3. Projects total sources of funds equal to total uses of funds and discloses all planning assumptions, including the plan to borrow funds or purchase items through a contractual agreement.
4. Projects income conservatively and constrains budgeted operating expenses within projected income levels.
5. Considers board-stated priorities when allocating funds among competing budgetary needs.

Management must submit a written report to the Board comparing the actual operational performance for each calendar quarter to the approved budget with an analysis of any significant deviations from the approved plan.

This policy shall be monitored by report annually in December and by internal report quarterly for updates (February, May, August and November).

Adopted 8/4/99

**EXECUTIVE LIMITATIONS  
POLICY #B4**

**FINANCIAL CONDITION**

Management must operate the Co-op in a sound and prudent manner, with vision for the long-term financial health of the Co-op.

Accordingly, management must:

1. Secure approval from the board prior to incurring indebtedness other than trade payables incurred in the usual course of business.
2. Use restricted funds only for the purpose required by the restriction.
3. Settle payroll and other obligations in a timely manner.
4. Restrict spending to budgeted items and remain consistent with board policies.
5. Implement pricing policies and expense control sufficient to generate a net income that corresponds to the current year's budgeted net income.
6. Maintain current assets of at least twice current liabilities.
7. Maintain a debt-to-equity ratio of 1:2 or less.
8. Generate sales growth greater than the rate of inflation.
9. Maintain adequate financial record-keeping systems that provide subsequent audit trails.
10. Disclose any material changes in accounting systems or methods.
11. Obtain prior board approval for: purchasing or selling capital assets that initially cost the Co-op \$2,000 or more to acquire; or entering into leases exceeding \$2,000 in total value except as authorized by the capital budget. If an emergency situation requires an unplanned purchase over this amount, management must make a reasonable effort to inform a board member and must report the situation and its resolution at the next regularly scheduled board meeting.
12. Set standards for and measure the financial contribution of each department to overall store performance.
13. Maximize the use of cash and working capital to enhance the Co-op's purchasing power through the management of vendor discounts, COD, and vendor terms.
14. Report the financial condition of the Co-op and disclose all fiscal activity to the board monthly.

Implementation of this policy shall be monitored by internal report quarterly (February, May, August and November), and externally (by audit) annually.

Management must submit a written report to the Board comparing the actual operational performance for each calendar quarter to the approved budget with an analysis of any significant deviations from the approved plan.

The Board shall review this policy annually in December.

Adopted 8/4/99  
Modified 6/1/01  
Modified 12/7/01  
Modified 2/1/02 and 3/1/02

**EXECUTIVE LIMITATIONS  
POLICY #B5**

**ASSET PROTECTION**

Management shall prudently manage and maintain the physical and monetary assets of the Co-op.

Accordingly, management must:

1. Ensure either that only bonded personnel handle cash or ensure that the Co-op's insurance covers employee theft.
2. Implement internal accounting controls sufficient to meet generally accepted auditing standards.
3. Prevent any one individual, including management, from having complete authority over a financial transaction.
4. Deposit the Co-op's funds in institutions where they are fully protected (i.e. by the FDIC) and in which returns are maximized and costs are minimized.
5. Ensure insurance coverage of stock, building, furniture and equipment for a minimum of 90 percent of their replacement cost.
6. Ensure that the Co-op and the Board of Directors are protected by adequate liability insurance.
7. Maintain workers' compensation insurance for all employees, in accordance with existing labor laws.
8. Ensure that contract labor is licensed and bonded and that same carries workers' compensation insurance.
9. Properly maintain the building and equipment in a timely manner and prevent their misuse.
10. Periodically inventory the Co-op's property and take measures to safeguard that property against theft, loss and damage.

This policy will be reviewed by internal report each September.

An external review of this policy and its implementation shall be conducted every three to five years.

Adopted 8/4/99  
Modified 10/4/02

**EXECUTIVE LIMITATIONS  
POLICY #B6**

**COMMUNICATION AND COUNSEL TO THE BOARD**

Management shall provide information and counsel to the Board that is relevant to its business. Accordingly, management must:

1. Advise the Board of conditions, such as relevant trends, public events, and internal and external changes, that may affect the assumptions upon which board policy has previously been based.
2. Submit timely, accurate, and clear monitoring data, as identified by board policy C3, "Monitoring Management Performance."
3. Gather information and make recommendations to the Board regarding policy issues involving products, services, staff, and community.

Implementation of this policy will be monitored monthly via managerial report. This policy will be reviewed annually in June by the Board.

Adopted 8/4/99  
Modified 6/1/01  
Modified 5/31/02

**EXECUTIVE LIMITATIONS  
POLICY #B7**

**EMERGENCY MANAGEMENT SUCCESSION**

Management shall provide the Board with a plan for emergency management succession.  
Management must:

1. Identify a chain of command that will be in place at any time the manager is unable to serve.
2. Identify this chain of command to the Board and staff and ensure that the next-in-charge attends at least one board meeting per year.
3. Ensure, through training, that at least one staff member is capable of assuming management responsibilities.

This policy is to be reviewed annually in March.

Adopted 8/4/99

**EXECUTIVE LIMITATIONS  
POLICY #B8**

**CUSTOMER SERVICE AND VALUE**

Management is responsible for providing quality products and services at the best cost/benefit ratio to our customers. Accordingly, management must:

1. Offer a range of quality products and services that meet our customers' needs.
2. Establish product selection guidelines using customer demand as the primary criterion. Include criteria to ensure support for local and organic growers and producers. Environmental sustainability shall be considered.
3. Establish purchasing procedures that include criteria for vendor selection to include products that support local vendors and producers and other cooperatives.
4. Offer a full range of product information to customers. Provide information concerning nutrition, cooking and environmental sustainability. If any products offered are subject to boycotts, or have potentially objectionable characteristics, balanced information should be available for informed consumer choice.
5. Establish stocking procedures and stock rotation criteria that maintain high standards for quality and freshness.
6. Ensure that merchandising and marketing practices are honest and non-manipulative.
7. Refrain from giving health information or product usage recommendations that could be construed as medical advice.
8. Provide methods for consumer input and response to products and services.
9. Produce and distribute a newsletter to members. This newsletter shall:
  - a. Serve as a means of communication between the board, management, staff, membership and patrons of the Co-op;
  - b. Communicate news regarding the operation of the Co-op. However, articles about issues that may affect the operation and products of the Co-op (irradiation of food and biogenetic engineering of plants, for example) may also be published. Such articles will be included only for the purpose of providing information about the issues. The newsletter will not take a position on the issues.
  - c. Include guidelines regarding submissions in each issue. Submissions presenting opinions may be accepted, provided they are accompanied by a statement that the opinions contained therein are of the author(s) only.
  - d. Include the following disclaimer in each issue: "Articles published in this newsletter do not necessarily reflect the views of the board, management or staff of the Co-op."
10. Provide for a safe and pleasant shopping experience for all customers.
11. Ensure the confidentiality of members' personal information.

This policy will be monitored annually in October by internal report from Management.

Adopted 9/1/99  
Modified and adopted  
4/6/01

## **EXECUTIVE LIMITATIONS**

### **POLICY - B**

#### **GENERAL EXECUTIVE CONSTRAINT**

Management has a fiduciary obligation to adhere to the vision, values, goals and preferences of the Board. The Board achieves its intents and purposes for the Co-op through management. Between sessions of the Board, management is the sole agent for the Board, which implies broad, but never independent powers.

In exercising its powers, management shall not cause or allow any practice, activity, decision or organizational circumstance that is either imprudent or in violation of commonly accepted business and professional ethics.

Accordingly, management shall not fail to:

1. Deal with staff and volunteers in a fair and forthright manner.
2. Maintain compensation and benefits reflective of current market values and adhere to policies authorized by the Board.
3. Develop an annual budget that includes adequate detail and disclosed assumptions.
4. Maintain financial conditions that do not incur fiscal jeopardy or compromise Board priorities, as established in Ends policies.
5. Develop a long-term financial plan (five-year minimum) based on considerations of anticipated growth rates, warehouse and retail sales area requirements, and the needs of membership.
6. Protect and adequately maintain assets.
7. Provide information to the Board that is timely, complete, and accurate.
8. Plan for management succession.
9. Provide exceptional value and service to our customers and members by purchasing goods and services for the cooperative based on maximum value per dollar spent, without incurring real or arguable conflict of interest.

This policy will be reviewed annually in June.

Adopted 7/7/99  
Modified 6/1/01  
Modified 6/6/03  
Modified 08/05/05

**BOARD-MANAGEMENT RELATIONSHIP  
POLICY #C1**

**DELEGATION TO MANAGEMENT**

The Board's job is generally confined to establishing fundamental policy, leaving implementation and subsidiary policy development to Management. Policy implementation is directed by the Board through the Ends and Executive Limitations policies. Ends policy directs Management to achieve Board objectives. Executive Limitations policy constrains Management to act within established boundaries of prudence and ethics.

1. The boundaries of Management's authority shall be established by Board policy. Management is authorized to establish subsidiary policies, make decisions and take actions that are consistent with Board policy. The Board may request information regarding any of Management's policies and actions.
2. Board authority over staff is exercised through Management. Management is accountable to the Board for the actions of staff.
3. No individual Board member or committee has authority over Management. Either may request information, but Management may exercise discretion in granting the request and may ask for Board approval in doing so. All requests for information must be made to Management, not to staff.
4. If, because of unforeseen circumstances, Management deems it necessary to violate Board policy, Management shall notify a member of the Board. Such notification is in the interest of Board-Management communication only, and shall not constitute approval of the action. The notified Board member shall ensure that the full Board reviews the action at the next Board meeting.
5. The duties and responsibilities of Management shall be defined in a job description prepared by the Board.

Adopted 3/17/99  
Modified 4/14/99

**BOARD-MANAGEMENT RELATIONSHIP  
POLICY #C2**

**MANAGEMENT'S JOB CONTRIBUTION**

As the Board's official link to the operating organization, Management is accountable for organizational performance and exercises all authority transmitted into the organization by the Board.

Consequently, management's job contributions can be stated as performance in only two areas:

1. Accomplishment of the board policies on Ends.
2. Prudent and ethical decision-making in the management of the organization, as established in board policies on executive limitations.

Adopted 4/14/99

**BOARD-MANAGEMENT RELATIONSHIP  
POLICY #C3**

**MONITORING MANAGEMENT PERFORMANCE**

Monitoring management performance is synonymous with monitoring organizational performance against board policies as stated in Ends and Executive Limitations policies. Monitoring and the evaluation of data facilitate the making of sound decisions and provide a means of measuring progress toward desired goals.

1. The purpose of monitoring is simply to determine the degree to which board policies are being implemented.
2. A given policy may be monitored in any or all of three ways:
  - A. Internal report: Disclosure of information to the board from management. Examples of such disclosures include the manager’s report and the financial report.
  - B. Direct board inspection: Inspection of documents, activities or circumstances by a board member, a committee or the board as a whole.
  - C. External report: Disclosure of information by an independent auditor, inspector or judge who is selected by and reports directly to the board. Such reports must assess management performance only against policies of the board.
3. The board may monitor any policy by any method, at any time. However, to facilitate thorough and efficient evaluations, the board will implement a method and schedule for monitoring each Ends and Executive Limitations policy:

<u>POLICY</u>	<u>METHOD</u>	<u>FREQUENCY</u>
Executive Limitations:		
B1 Staff Treatment	Internal	Annually
B2 Compensation and Benefits	Internal	Annually
B3 Financial Planning	Internal	Quarterly and Annually
B4 Financial Condition	Internal External	Quarterly Each 3 to 5 years
B5 Asset Protection	External	Each 3 to 5 years
B6 Communication and Counsel to the Board	Internal	Annually
	Direct Inspection	As needed
B7 Emergency Management	Internal	Annually
Succession		
B8 Customer Service and Value	Internal	Annually
Mission	Internal	Quarterly/Annually
Goals	Internal	Quarterly/Annually

Scheduling for each monitoring activity will be incorporated in the board calendar.

4. Two primary areas of management's compliance with board policies will be monitored:

A. Essential policies: Typically financial in nature, these policies require full compliance for effective operation of the organization.

B. Long-term policies: Visionary in nature, these Ends policies require periodic monitoring to ensure incremental progress toward future goals. Effective monitoring will require the use of historical data for comparisons, short-term (12 months) targets and reliable measuring techniques devised by the board and/or management.

5. The board's responsibility is to set policy and to ensure that the organization is operating in compliance with that policy. A requirement of a satisfactory board-management relationship is that deviations from policy are recognized and dealt with effectively. The board's responsibility should there be a deviation from policy is to consider management's approach to corrective action, not to problem-solve.

Adopted 6/2/99

**BOARD-MANAGEMENT RELATIONSHIP  
POLICY #C4**

**MANAGER COMPENSATION AND BENEFITS**

Compensation and benefits available to Management are as follows:

**Wage Range:**

\$12 to \$16 per hour

**Medical Allotment:**

The allotment for a full-time manager (32 hours per week) shall be the same as provided to full-time employees in the board-approved budget. Refer to the Personnel Policies Manual for details.

**Employee discount:**

Manager(s) receive the following discounts. 20% discount on shelf prices. No mark-up from buying club catalog price for pre-orders from Tucson Cooperative Warehouse.

**Paid Holidays:**

Manager(s) receive pro-rated pay based on their full-time equivalency for the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

**Paid Leave:**

Manager(s) receive pro-rated paid leave based on their full-time equivalency and years of service, ranging from 3 hours per two-week pay period after 3 months to 6.5 hours per two-week pay period after 5 years.

The Board believes that it serves the best interest of the Co-op and the manager(s) for management regularly to schedule and take paid leave. It is the intent of this policy to encourage this to happen.

1) The scheduling of paid leave is at the management's discretion, but management must consider the requirements set forth in Policy B-7, *Emergency Management Succession*.

2) Manager paid leave is accrued in accordance with guidelines set forth in the *Employee Personnel Manual*.

3) Accrued paid leave may not exceed 160 hours.

4) Management must inform the Board at the next regularly scheduled board meeting when accrued leave reaches 140 hours. The manager(s) must explain the reason(s) that accumulated leave threatens to exceed the 160-hour cap and either request cash in lieu of paid leave or commit to using enough accrued leave time to remain below the cap until at least the following board meeting.

5) The Board may approve cash payment for hours accrued above the 160-hour cap.

A) If approved, all excess accrued leave hours will be paid in the pay period they are earned.

B) If disapproved, all excess hours earned over the 160-hour cap are forfeited.

**Other Leave:**

Any leave, both paid and unpaid, available to other employees per the Personnel Policies Manual may be granted to manager(s) at the discretion of the Board.

**Leave Requires Advance Board Approval:**

All leave, other than sick, bereavement, and emergency leave is subject to Board approval a minimum of 10 working days in advance of departure date. Notification concerning leave request to the Board President will be considered notification to the Board if given in a timely manner.

**Employee Profit Sharing Plan:**

When annual net profits exceed 1 percent of sales, 25 percent of the profit is shared between the manager(s) and all regular employees based upon each employee's proportional share of total hours worked during the year. Refer to the Personnel Policy Manual for details on what constitutes net profit for the purpose of profit sharing.

**Bonuses:**

Merit bonuses and raises are based on Manager performance and length of employment. The amount and frequency of merit bonuses and raises is determined by the Board and is related to overall store performance. If funds permit, an annual winter solstice bonus is awarded, the amount of which is determined by the Board and is also related to overall store performance

**Professional Development:**

Manager(s) education monies are budgeted annually to allow manager(s) to update and refine their skills. Attendance at workshops and meetings geared toward cooperative development is encouraged.

**SIMPLE IRA:**

On January 1 of each year, manager(s) are eligible to participate in the Co-op's Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA) plan. Refer to the personnel policy manual for details.

This policy will be reviewed annually in November.

Adopted 6/2/99  
Modified 12/8/00  
Modified 12/7/01

## **GOVERNANCE PROCESS**

### **POLICY #D1:**

#### **GOVERNING STYLE**

The board will approach its task with a style which emphasizes strategic leadership more than administrative detail, clear distinction of board and staff roles, future rather than past or present, and pro-activity rather than reactivity.

In this spirit, the board will:

1. Focus chiefly on intended long-term impacts (Ends), not on the administrative or operational means of attaining those effects.
2. Direct, control, and inspire the organization through the careful establishment of the broadest organizational values and perspectives (policies). Policies will address: a) Ends – what benefits, for which needs, at what cost; b) Executive Limitations – boundaries of prudence and ethics to be observed by staff; c) Board-Management Relationship – linkage between board and management; and d) Governance Process – board role and responsibilities.
3. Enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to attendance, policy making principles, respect of clarified roles, speaking with one voice, and self-policing of any tendency to stray from governance adopted in board policies. In the event that individual self-monitoring reveals a condition of non-participation in board activities, the board member must forego his or her discount until participation resumes.
4. Be accountable to the membership and the general public for competent and conscientious fulfillment of its obligations of leadership. The board will not allow any one officer, an individual, or a committee to usurp this role.
5. Monitor and regularly discuss the board's own process and performance. Ensure the continuity of board improvements through systematic evaluation of the board's performance and annual director training.
6. Be an initiator of policy, not merely a reactor to staff initiatives. The board, not the staff, will be responsible for board performance.

This policy will be monitored by internal report annually in May and at the end of every board meeting by oral comment.

Adopted 10/7/98  
Revised 5/11/01

## **GOVERNANCE PROCESS**

### **POLICY #D2:**

#### **BOARD RESPONSIBILITY**

The Board is responsible for determining what the desired performance of the cooperative will be and for the governance necessary to attain such performance.

Accordingly, the Board will:

1. Assure a satisfactory link between the cooperative and its members.
2. Provide and adhere to written governing policies which, at the broadest levels, address:
  - A. Ends: What the cooperative is to provide for its members. (Policies A, A1-A3)
  - B. Executive Limitations: The ethical, fiducial, and prudential boundaries of managerial responsibility and activity. (Policies B1-B8)
  - C. Board-Management Relationship: How authority is delegated to management and its use is monitored.
  - D. Governance Process: Specification of how the Board conceives, carries out, and monitors its own tasks.
3. Assure satisfactory managerial performance against policies A-2, A-3, and B-1 through B-8.
4. Assure satisfactory Board performance as a trustee of members' assets.

This policy will be monitored by internal report annually in May and at the end of every board meeting by oral comment.

Adopted 10/7/98  
Revised 6/1/01

## **GOVERNANCE PROCESS**

### **POLICY #D3:**

#### **PRESIDENT'S ROLE**

The President is responsible for ensuring the integrity of Board process.

The President is the only person authorized to speak for the Board, with the exception of management. Other spokesperson(s) must be specifically authorized by the Board.

1. The President assures that the Board behaves in a manner consistent with its own rules and those legitimately imposed upon it from outside the organization.
  - A. Meeting discussions will include only those issues which, according to board policy, clearly require the Board's consideration, not management's.
  - B. Deliberation will be timely, fair, orderly, thorough, and efficient.
  - C. Robert's Rules are to be followed, with the stipulation that Article IV of the Bylaws of the cooperative, entitled "Board of Directors," be the definitive policy statement.
2. The President is authorized to make any decision on behalf of the Board, provided that the decision is consistent with Governance Process and Board-Management Relationship policies.
  - A. The President is authorized to chair Board meetings and exercise the commonly accepted authority of the position (e.g. ruling, recognizing).
  - B. Policy decisions within the Ends and Executive Limitations policy areas may only be made by the Board as a whole. Policy implementation within those areas is the exclusive responsibility of management.
  - C. Presidential authority does not extend to supervising, interpreting Board policies for, or otherwise directing management.
  - D. Should the President make any decision on behalf of the Board, he or she will so notify the Board at or prior to the next regularly scheduled Board meeting.

Policy D3, Point 2B:

The authority of the Chairperson does not extend to making decisions within the Ends and Executive Limitations policy areas. Policy decisions in these areas may only be made by the board as a whole, and decisions implementing policies within these areas are the exclusive responsibility of the management.

Adopted 11/4/98

Modified 5/11/01

Revised 6/1/01

Revised 5/31/02

**GOVERNANCE PROCESS  
POLICY #D4:**

**BOARD MEMBERS' CODE OF CONDUCT**

The board expects of itself and its members ethical and businesslike conduct. This commitment includes proper use of authority and appropriate decorum in group and individual behavior when acting as board members.

1. Board members will maintain loyalty to the interests of the membership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. This accountability supersedes the personal interest of any director acting as an individual consumer of the Co-op's services.
2. Board members will avoid any conflict of interest with respect to their fiduciary responsibility.
  - A. There will be no self-dealing or any conduct of private business or personal services between any director and the organization, except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information.
  - B. Board members will not use their positions to obtain for themselves, family members, or close associates employment within the organization.
3. Board members will not exercise individual authority over the organization except as explicitly set forth in board policies.
  - A. Board members' interaction with the management or with staff will recognize the lack of authority in any individual director or group of board members except as noted above.
  - B. Board members' interaction with the public, press, or other entities will recognize the same limitation of any board member(s) to speak for the board.
  - C. Board members will make no judgments of the management or staff performance, except as that performance is assessed against explicit board policies by the official process.

The policy will be monitored by internal report annually in May and at the end of every board meeting by oral comment.

Adopted 11/4/98  
Revised 5/11/01

**GOVERNANCE PROCESS  
POLICY #D5:**

**COMMITTEE PRINCIPLES**

The board may establish committees to help carry out its responsibilities. To encourage the board's functioning as a unified body, committees will be used sparingly and only when other methods have been deemed inadequate. Committees must not interfere with delegation from board to management.

1. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Such authority will not conflict with authority delegated to management and its boundaries will be clearly delineated.
2. Committees will primarily assist the board by preparing recommendations for board consideration. Committees will not advise management or assist management in doing its job.
3. If a committee has assisted the board in creating policy in a specific area, that committee cannot be the sole monitor of organizational performance in that area. This is to ensure participation of the board as a whole in the monitoring of all board policies.
4. Board committees cannot exercise authority over the board, staff, or management.
5. This policy applies only to committees that are formed by board action.

This policy will be monitored by internal report annually in May and at the end of any board meeting if applicable.

Approved 12/2/98  
Modified 5/11/01

## **GOVERNANCE PROCESS**

### **POLICY #D6**

#### **BOARD MEETINGS**

Board meetings are held for the sole purpose of getting the Board's work done, with emphasis upon co-creating and expanding its visions.

1. Meetings will be open to all except when executive session is officially announced. Executive session will be used only when one or more agenda items are related to litigation, personnel, or real estate transactions.
2. Any board member may request an executive session. The purpose of the session must be stated and the board determines who may attend. Authority to declare the session is vested in the President, unless the President is overridden by a simple majority of board members. When possible, announcement of executive session should be on the published agenda.
3. The board has sole authority to set its own agenda. The President will exercise that control on behalf of the board, but any board member, with the agreement of a simple majority, may add or delete items from the agenda.
4. Only issues within the board's legal responsibilities and its chosen areas of responsibility will consume board time. The parameters of board and management responsibilities will be clearly defined. The board will not assume management responsibilities, although the board may review management performance against board policies at any time.
5. Board members are obligated to prepare for meetings and to participate productively in the discussion.

This policy will be monitored by internal report annually in October and at the end of every board meeting by oral comment.

Approved 12/2/98  
Modified 10/9/00  
Modified 11/2/02

**BOARD-MANAGEMENT RELATIONSHIP  
POLICY #D7**

**RELATIONSHIP TO MEMBERS**

The Cooperative is controlled by the membership. The relationship with the membership is the Board's primary relationship.

1. The Board obtains its authority from the membership and is fiducially and legally obligated to strive to serve its values and interests. The Board will maintain adequate and appropriate information on the membership and make policy decisions based on that information. The Board shall always act in the best interest of the Cooperative as a whole.
2. The Board will report periodically to the membership on its activities and decisions. At least annually, the Board will report on the Cooperative's financial resources and how those resources have been translated into services. The Board will ensure that the mission statement is communicated to the membership.
3. The Board is responsible for ensuring that membership is accessible to everyone.

This policy will be monitored by internal report annually in May and at the end of every board meeting by oral comment.

Adopted 3/17/99

**Silver City Food Co-op**

**POLICY MISC – 1**

**SIGNATURE POLICY**

To avoid personal liability for legal documents that board members and/or management sign as agents of the Silver City Food Co-op, the advisable way to sign is:

Silver City Food Co-op

By (YOUR SIGNATURE)

(YOUR TITLE)

(YOUR NAME PRINTED)

Adopted 08/05/05

## **Silver City Food Co-op**

### **POLICY MISC – 2**

#### **TRAVEL**

This policy applies to employees, board members and Co-op members

Any employee, board or Co-op member using their own vehicle on official Co-op business, (except grocery delivery to homebound members), with prior approval from management\* or the Board,\*\* will be reimbursed at the current approved IRS rate for mileage.

Car pooling is encouraged if more than one person is traveling to the same destination. Anyone who chooses not to car pool will only be reimbursed at the discretion of Management\* or the Board.\*\*

When possible, Management will make lodging arrangements that strive to be economical for the Co-op. If someone requests more expensive accommodations, that person will pay the extra expense incurred.

Same gender travelers are expected to share a room.

Reimbursement for meals will not exceed the approved IRS per diem rate. Management\* or the Board\*\* will determine how many meals will be reimbursed/covered.

This entire policy is meant to be used as a guideline. Management and Board may approve other travel arrangements.

\* Management decisions concerning employee travel will govern.

\*\* Board decisions regarding Management hired by the Board and Board travel will govern.

Adopted 10/09/00

## **Silver City Food Co-op**

### **POLICY MISC – 3**

#### **GENETICALLY ENGINEERED FOODS** **AND GENETICALLY MODIFIED ORGANISMS**

The Silver City Food Co-op, as a retailer of natural foods, has a concern regarding the safety of genetically modified organisms (GMOs) and the proliferation of genetically engineered foods. As an organization dedicated to assuring a safe food supply produced by ethical and sustainable methods, the Silver City Food Co-op opposes the production and sale of genetically engineered foods.

We believe that this technology raises health, environmental, ethical and economic concerns. The Silver City Food Co-op joins with other organizations calling for a moratorium on the production, sale and release of genetically modified organisms into the food supply. We also support a moratorium on the technology that creates seeds genetically manipulated to self destruct (terminator technology).

We believe that all genetically engineered foods, or those products containing GMOs as an ingredient, must be labeled in support of consumer choice. We support legislative calls for labeling requirements for genetically engineered foods. We believe consumers have a right to know what is in the food they eat and the FDA has a responsibility to require labeling.

We will strive to provide products that are GMO-free and continue to support organic food production. We will actively educate staff and shoppers regarding the safety and health concerns surrounding genetically engineered foods. We will actively support efforts to make sure our food supply is safe and food production methods are sustainable.

**Adopted 10/09/00**

## **Silver City Food Co-op**

### **POLICY MISC – 4**

#### **CHARITABLE CONTRIBUTIONS**

In accordance with Policy D7: Relationship to Members, the Board is obligated to serve the values and interests of the membership. In this spirit, the Board encourages management to budget for the giving of charitable contributions to like-minded organizations, keeping in mind the following guidelines:

1. The proposed budget for charitable contributions shall not exceed .2% of proposed Net Sales.
2. Actual contributions shall not exceed .2% of the year-to-date net sales according to the most current available financial information, nor cause or contribute to a net operating loss.
3. Individuals shall not qualify as contribution recipients.
4. Selection criteria for contribution recipients must be consistent with the A Policies: Ends/Purpose and include one or more of the following:
  - A. Support healthy ecosystems (Policy A-1, Vision).
  - B. Support our concern for the environment and the health and well being of all living things (Policy A-1, Vision).
  - C. Promote cooperative principles (Policy A-1, Vision).
  - D. Further our commitment to providing high quality, healthful and organic products. (Policy A-2, Mission).
5. Consideration should be given to any evidence collected by member survey, polling, petition, or other means that indicates the membership favors or rejects particular projects or causes.

This policy is to be reviewed annually in October.

Approved 10/5/01

**Silver City Food Co-op**

**POLICY MISC – 5**

**ORGANIC LABELING**

Management shall require local producers who indicate their products are organic to produce proof of current registration with the New Mexico Organic Commodity Commission (NMOCC). If a local producer is registered with another valid third party certification program, (not NMOCC), management shall strive to ensure that entity's standards do not conflict with NMOCC's organic production and handling standards.

Management shall not knowingly label or allow the labeling of produce and products in such a manner that it violates the New Mexico Organic Commodity Act, NMSA 1978 as it pertains to labeling.

For information and ease of reference the following section is reprinted from the New Mexico Organic Commodity Act.

**76-22-26. Labeling.**

- A. The commission shall establish a label to be affixed to agricultural products that have been produced on organically certified farms and have been handled by organically certified handlers.
- B. The label shall state that a food article has been organically produced and shall bear the seal of the commission.
- C. Except as otherwise provided in the Organic Commodity Act (this article), the terms "organic", "organically produced", "certified organic", "certified organically grown", "natural", "naturally grown", "pesticide-residue free", or derivatives of these terms shall not be used by any person for advertising, labeling, or otherwise affixing the terms to a food article or its container, unless the food article has been produced and marketed in compliance with the provisions of the Organic Commodity Act and the certificate standards promulgated under that act.
- D. The commission shall have the exclusive authority under the state certification program to approve the affixing of labels to food articles.

This policy is to be reviewed annually in June.

Adopted 10/5/01

**Silver City Food Co-op**

**POLICY MISC – 6**

**PUBLIC NATURE OF BOARD POLICIES**

All policies of the Board of Directors of the Silver City Food Co-op are to be considered public documents, and management shall make them available to all interested persons and organizations.

In the spirit of cooperation among cooperatives and other civic organizations, it is expected that management will provide copies of these policies to requestors in a timely way and free of charge. However, if management deems it appropriate to charge a fee for copying and/or sending the policies to a specific requestor, it is authorized to request such a fee.

Likewise, all board members are encouraged to provide information about these policies, their development, and their implementation to all interested persons and organizations.

This policy is to be reviewed annually in June.

Approved 11/1/02

## **Silver City Food Co-op**

### **POLICY MISC – 7**

#### **PROFIT SHARING**

An employee profit sharing plan was approved at the September 23, 1987, Board of Directors' meeting. When annual net profits exceed 1% of Sales, 25% of the profit is shared between all regular employees.

Annual net profit, for the purpose of the plan, is defined as net profit before other income and expense, net of related income tax effects, less annual principal payments on notes. Profit sharing is to be paid on or before March 15<sup>th</sup> of the subsequent year.

Regular employees share proportionately in the profits based upon total annual hours worked. Paid leave hours are excluded in determining total hours worked.

This policy is to be reviewed annually in June.

Drafted 12/6/02

**Silver City Food Co-op**

**POLICY MISC – 8**

**EXPANSION/RELOCATION FUND**

The Board has determined that it is in the best interest of the members to continually evaluate the current and future expansion or relocation needs of the co-op. In order to respond to identified needs, cash derived from the collection of member fees will be restricted for the purpose of building a fund to meet these future needs. Member fees collected will be restricted by the 30<sup>th</sup> day of the month following the month of collection.

The Board will so direct management to restrict the funds at the May board meeting. In addition, when annual net profits exceed 1% of Sales, the Board may direct management to restrict 25% of the profit for the purpose of growing this expansion/relocation fund.

Annual net profit, for the purpose of the plan, is defined as the audited net profit before other income and expense, net of related income tax effects, less annual principal payments on notes. Expansion/relocation fund deposits derived from operating profits are to be made to a restricted fund on or before June 15<sup>th</sup> of the subsequent year.

In accordance with Policy B5, management shall deposit restricted funds in institutions where they are fully protected and in accounts in which returns are maximized and costs are minimized.

This policy is to be reviewed annually in June.

Adopted 8/6/04  
Modified 8/5/05