

Grain Train

Natural Foods Market...since 1971

POLICY REGISTER

Adopted March 2011

Our Mission: Making a difference, one bite at a time.

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Last Revised (any section): 11/21/2023

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Monitoring Decision Tree
Policy Governance Source Document

Ends

Policy Type: Ends
Policy Title: A – Global End
Last Revised: **March 13, 2011**

Grain Train Natural Food Cooperative exists so that our community is inspired to make well-informed healthy choices that support both people and planet.

Policy Type: Ends
Policy Title: A1 – Food and Wellness
Last Revised: **July 20, 2021**

The Grain Train exists so that a wide range of customers have access to healthy food and wellness products.

Policy Type: Ends
Policy Title: A2 – Model Workplace
Last Revised: **July 20, 2021**

The Grain Train exists so that employees have a safe, respectful, professional, and profitable environment in which to work.

Policy Type: Ends
Policy Title: A3 – Customer Experience
Last Revised: **July 20, 2021**

The Grain Train exists so that all customers can experience a positive shopping environment.

Policy Type: Ends
Policy Title: A4 – Community Education
Last Revised: **July 20, 2021**

The Grain Train exists so that the local community has the resources to live a healthy and sustainable lifestyle.

Policy Type: Ends
Policy Title: A5 – Owner Engagement
Last Revised: **July 20, 2021**

The Grain Train exists to serve a robust community of owners who provide stability, growth, and fuel the success of the organization.

Policy Type: Ends
Policy Title: A6 – Environmental Stewardship
Last Revised: **July 20, 2021**

The Grain Train exists so that responsible environmental stewardship is practiced.

Policy Type: Ends
Policy Title: A7 – Local Economy
Last Revised: **July 20, 2021**

The Grain Train exists to contribute to a vibrant local economy.

Policy Type: Ends
Policy Title: A8 – Community Leader
Last Revised: **July 20, 2021**

The Grain Train exists to be a community leader that embodies responsible business practices with a focus on long-term success.

Policy Type: Ends
Policy Title: A9 – Diversity, Equality, Inclusion
Last Revised: **July 20, 2021**

The Grain Train exists to foster equity and respect among diverse local populations.

Executive Limitations

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: **March 13, 2011**

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.

Policy Type: Executive Limitations
Policy Title: B1 – Financial Condition and Activities
Last revised: **March 13, 2011**

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 commonly accepted accounting and financial reporting systems. The GM will not change accounting and financial reporting systems unless the benefits

clearly outweigh the costs or an outside authority (such as a lender or government agency) requires it

Policy Type: Executive Limitations
Policy Title: B2 – Business Planning and Financial Budgeting
Last revised: **February 21, 2017**

The General Manager shall not cause or allow business planning and budgeting, for any fiscal year or the remaining part of any fiscal year, 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 cause or allow plans that:

1. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
2. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Plan expenditures in any fiscal year that would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative.
4. Have not been tested for feasibility.
5. Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.
6. Are developed after the beginning of any new fiscal year and that are not adjusted as needed, and at least quarterly, to better align with actual results.

Policy Type: Executive Limitations
Policy Title: B3 – Asset Protection
Last revised: **November 18, 2015**

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

The GM will not:

1. Allow operations that are unguided by a documented system of policies and procedures designed to insure the integrity of the Co-op's operational and financial data and protect Co-op property from unreasonable or undocumented losses.
2. 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.

3. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
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 owners' 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 Cooperative's public image.

Policy Type: Executive Limitations
Policy Title: B4 – Owner Rights and Responsibilities
Last Revised: **March 13, 2011**

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

The GM will not:

1. Create or implement an owner equity system without the following qualities:
 - a. The required owner equity, or fair share, is determined by the Board.
 - b. Owners are informed that equity investments are at risk. While they are generally refundable, the Board retains the right to withhold refunds when necessary to protect the Cooperative's financial viability.
 - c. Equity will not be refunded if such refunds would lead to a net decrease in total owner paid-in equity, or would risk, cause or exacerbate non-compliance with any Financial Condition policy.
2. Implement a patronage dividend system that does not:
 - 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 owners.

Policy Type: Executive Limitations
Policy Title: B5 – Treatment of Customers
Last Revised: **March 13, 2011**

The General Manager will 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.

Policy Type: Executive Limitations

Policy Title: B6 - Staff Treatment and Compensation

Last revised: **March 13, 2011**

The General Manager will 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
 - c. Are accessible to all employees
 - d. Inform staff that employment is neither permanent nor guaranteed.
2. Cause or allow personnel policies to be inconsistently applied.
3. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
4. Establish compensation and benefits that are internally or externally inequitable.
5. Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

Policy Type: Executive Limitations

Policy Title: B7 – Communication to the Board

Last Revised: **November 14, 2011**

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, along with a plan for reaching compliance, in an untimely manner.

3. Allow the Board to be unaware of relevant trends, public events of the Cooperative, or significant 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 and Board-Management Delegation, 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.

Policy Type: Executive Limitations
Policy Title: B8 –Board Logistical Support
Last Revised: **March 13, 2011**

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

The GM will 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 Board Members to be without an updated copy of the Policy Register and the Bylaws.
4. Provide inadequate information and notice to owners concerning Board actions, meetings, activities and events.

Policy Type: Executive Limitations
Policy Title: B9 – Emergency GM Succession
Last revised: **March 13, 2011**

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

Policy Type: Board Process
Policy Title: C – Global Governance Commitment
Last Revised: **May 11, 2020**

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

Policy Type: Board Process
Policy Title: C1 – Governing Style
Last Revised: **May 18, 2021**

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

1. Be a strategic leader by developing insight and foresight to set direction and facilitate movement in that direction.
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.
 - a. Observe the 10 Policy Governance principles (Ownership, Position of Board, Board Holism, Board Means Policies, Clarity and Coherence of Delegation, Ends Policies, Executive Limitations Policies, Policy Sizes, Any Reasonable Interpretation, Monitoring)
3. Maintain team discipline, authority and responsibility
4. Encourage diverse viewpoints
5. Obey all relevant laws and bylaws.

Policy Type: Board Process
Policy Title: C2 – The Board's Job
Last Revised: **September 15, 2020**

In order to govern successfully, we will:

1. Practice, protect, promote and perpetuate a healthy democracy for our Cooperative.
2. Hire, set compensation for, delegate responsibility to, and hold accountable a General Manager.
 - a. Use a strategic process to establish the value of GM compensation, and complete this process in a timely manner.
3. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
4. Rigorously monitor operational performance in the areas of Ends and Executive Limitations.
5. Regularly evaluate our own Board performance in the areas of Board Process and Board-Management Relationship.
6. Perpetuate the Board's leadership capacity using ongoing education and training, a robust recruitment, qualification and nomination process and fair elections.
7. 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: **September 15, 2020**

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

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

Policy Type: Board Process
Policy Title: C4 – Board Meetings
Last Revised: **September 15, 2020**

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, personal concerns and other topics that are not the highest and best use of our time.
2. Meetings will be open to the owners 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. If we must make a decision outside of a regular meeting, that decision must be unanimous and affirmed in writing by all directors. We will include a record of that decision in the minutes of the next regular meeting.

Policy Type: Board Process
Policy Title: C5 – Directors’ Code of Conduct
Last Revised: **November 21, 2023**

We each commit ourselves to ethical, professional and lawful conduct, proper use of authority and appropriate decorum when acting as a director, and avoidance of any conflict of interest with respect to our fiduciary duties as a director of the Cooperative.

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. Directors must demonstrate non-conflicted loyalty with respect 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-owner.
 - 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. Directors shall declare any potential conflict of interest to the Board and answer any relevant questions pertaining to the potential conflict of interest proffered by the Board, as necessary, for the Board to make an informed decision with respect to the potential conflict of interest. Directors must maintain themselves as a credible source of objective feedback and an articulate advocate for their members.
 - c. At a new director’s first Board Meeting, and on an annual basis going forward, the director will complete the “Code of Conduct Form” and shall report to the full Board any and all personal, business, financial or other potential conflicts of interest. During each year, following completion of the annual Code of Conduct Form, each director is required to immediately report any subsequent potential conflict(s) of interest that may arise during that year to the full Board. Any decisions regarding potential conflicts of interest shall be made in consideration of the Cooperative’s By-Laws 5.1 and 5.4.
 - d. When the Board decides on any potential conflict of interest issue, the director with the potential conflict of interest shall abstain from the discussion of and shall not participate in the Board vote pertaining to the conflict of interest.
 - e. 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 will prepare for and are expected to attend and participate fully in all Board meetings and trainings, and shall seek to learn more about the Cooperative, its operations, and the responsibilities as a director by pursuing educational opportunities.
 - a. Missing three or more regular (excluding emergency and special meetings) Board meetings, during the course of one year, is cause for removal of a director prior to the expiration of their term. Directors who are unable to be present at a board meeting are encouraged to attend electronically and will be counted in attendance. Board members who are unable to attend a meeting either in person or electronically, are encouraged to provide the secretary with written comments on agenda items before the meeting takes place.
6. Directors are expected to make a consistent time commitment to Board work beyond monthly meetings. Directors typically average four to six hours of work per month in addition to the monthly two-hour board meeting. Participation on standing and ad hoc committees, as well as being an officer, is expected, and often requires additional time commitments.
 - a. Directors shall serve on and actively participate in at least two committees or chair one committee. Active participation may include attending meetings, responding to electronic communications, reading minutes, providing comments on discussion topics via email if unable to attend a meeting, taking on work tasks, scheduling and organizing meetings, and presenting to the Board.
 - b. The board does much of its work through electronic communication between meetings. Directors are expected to check their email at least every 4 days and respond as needed.
7. Directors shall treat all other directors with respect and consideration and exhibit the spirit of cooperation that is due between professional colleagues.
8. 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.
 - a. Directors may not always agree with one another but after discussion and debate, will honor and communicate a unified "with one voice" decision to not only staff and owners, but to the community.

9. Any director who does not follow the code of conduct policy can be removed from the Board by a $\frac{3}{4}$ majority vote of the remaining Board, in accordance with By-Law 5.4.

Policy Type: Board Process
Policy Title: C6 – Officers' Roles
Last Revised: **February 6, 2012**

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 chair and set the agenda for Board meetings.
 - c. The president plans for leadership, mentoring and officer perpetuation.
 - d. The president may represent the Board to outside parties.
4. The vice-president will perform the duties of the president in her/his absence.
5. The treasurer will fulfill the duties enumerated in Article VI Section 6.6 in the bylaws, in addition, he/she will lead the Board's process for creating and monitoring the Board's budget; he/she will also facilitate the Board's and the owners' understanding of the financial condition of the Co-op.
6. The Secretary shall see that minutes of Board meetings are accurate and up to date. He/she will also supervise custody of all corporate documents, countersign documents as needed and maintain copies of Board meeting minutes and documents.

Policy Type: Board Process
Policy Title: C7 – Board Committee Principles
Last Revised: **March 21, 2023**

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

1. 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.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. Only the Board has authority to appoint committee members.
4. The Board will establish, regularly review and control committee responsibilities in written committee charters.
 - a. Charters must be approved by the Board.
 - b. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

Policy Type: Board Process
Policy Title: C8 – Governance Investment
Last Revised: **December 12, 2011**

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 director 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 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 [month].

Board-Management Relationship

Policy Type: Board-Management Relationship
Policy Title: D – Global Board-Management Connection
Last Revised: **March 13, 2011**

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

Policy Type: Board-Management Relationship
Policy Title: D.1 – Unity of Control
Last Revised: **March 13, 2011**

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.

Policy Type: Board-Management Relationship
Policy Title: D.2 – Accountability of the GM
Last Revised: **November 17, 2020**

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 organizational accomplishment of Ends and organizational 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: D.3 – Delegation to the GM
Last Revised: **March 13, 2011**

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.

Policy Type: Board-Management Relationship
Policy Title: D.4 – Evaluating the GM
Last Revised: **January 17, 2023**

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’s policy monitoring process is the foundation of our annual evaluation of the GM.
 - a. In October of each year the Board will review a summary of the monitoring reports received during the previous 12 months. Based on that review, the Board will present an evaluation letter to the GM. That letter will constitute our full evaluation, and it will be delivered no later than December 31.
2. 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.

3. 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 we will always judge with a “reasonable person” test rather than with interpretations favored by individual directors or by the Board as a whole.
 - a. The Board will accept that the GM is compliant with a policy if the monitoring report includes a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
4. In evaluating non-compliance, we will consider the severity, implications, and trends, as well as the GM’s explanation and plan to achieve compliance.
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.

Policy Type: Board-Management Relationship
Policy Title: D.5 – GM Compensation
Last Revised: **July 21, 2020**

The Board will utilize a well-defined process to fairly compensate the GM. The process will follow the steps enumerated in the document titled “GM Compensation Review Process” in the Board’s Procedure Manual.

1. The Board will complete the GM compensation process no later than one month prior to the expiration date.

APPENDICES

COMMITTEE CHARTER (SAMPLE, LAST REVISED 03/17/2011)

COMMITTEE: NOMINATION AND RECRUITMENT

DATE CHARTERED:

END OF TERM:

The primary purposes of the Nomination and Recruitment Committee will be to:

1. Identify and recruit a pool of well-qualified Board candidates according to Board policy.
2. Develop an application and screening process.
3. Provide a brief written report to the Board monthly about the activities of this committee.
4. Submit to the Board in a timely way names of recommended nominees for election or appointment.