



Hanover
Consumer
Cooperative
Society Inc.

**GOVERNANCE
POLICIES**

07.28.2021

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Definitions: The Hanover Consumer Cooperative Society is herein referred to as “the Co-op.”
The General Manager is herein referred to as “the GM.”

The Policy Governance Model

Board leadership requires, above all, that the Board provide vision. To do so, the Board must first have an adequate vision of its own job. That role is best conceived neither as volunteer-helper nor as watchdog but as trustee-owner. Policy Governance is an approach to the job of governing that emphasizes values, vision, empowerment of both Board and employee, and the strategic ability to lead leaders.

Observing the principles of the Policy Governance model, a Board crafts its values into policies of the four types below. Policies written this way enable the Board to focus its wisdom into one central, brief document.

Ends

The Board defines which human needs are to be met, for whom, and at what cost. Written with a long-term perspective, these mission-related policies embody most of the Board's part of long-range planning.

Executive Limitations

The Board establishes the boundaries of acceptability within which employee methods and activities can responsibly be left to employees. These limiting policies, therefore, apply to employee's means rather than to ends.

Board-Executive Linkage

The Board clarifies the manner in which it delegates authority to employees as well as how it evaluates employee performance on provisions of the Ends and Executive Limitations policies.

Board Process

The Board determines its philosophy, its accountability, and specifics of its own job.

Board Leadership: Policy Governance in Action, John Carver ed., No. 52

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Carver, John, *Board Governance: 2 hour VHS*, 1993

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Ends Global

The Hanover Consumer Cooperative Society exists so that there are accessible, trustworthy, high quality, cost-effective goods and services that meet the needs of our diverse and inclusive community.

1. Shoppers have access to a range of goods and services including, but not limited to:
 - 1.1. Fair trade goods
 - 1.2. Locally produced goods
 - 1.3. Organic goods
 - 1.4. Conventional foods
 - 1.5. Affordable goods and services
2. Shoppers experience a positive, personalized experience.
 - 2.1. Shoppers have access to goods and services at times, places, and modes that meet their needs.
3. Our community has choices with positive environmental, health, and social impacts.
 - 3.1. Shoppers understand the environmental, health, and social impacts of their choices.

EL Global – Executive Limitations

The General Manager (GM) shall not cause or allow any organizational practice, policy, activity, decision, or circumstance that is unlawful, imprudent, unethical, or inconsistent with cooperative principles and values or the organization's Ends.

EL I – Finances

The GM shall not cause or allow the long-term financial health of the organization to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the GM shall not allow:

EL 1.1: Indebtedness or illiquidity that jeopardizes the ability of the organization to repay its current and long-term debts and meet its financial obligations to lenders, vendors, employees and tax authorities in a timely and efficient manner.

EL 1.2: Operations that generate inadequate net annual income.

EL 1.3: Compensation packages that are based on revenues that cannot be safely projected.

EL 1.4: Inadequate or irregular financial reporting to the Board that excludes an accurate balance sheet, statement of cash flows, net income statement, or such additional indices and reports as deemed useful in the discharge of Board's fiduciary responsibilities.

EL 2 – Assets

The GM shall not cause or allow assets to be unprotected, unreasonably risked, or inadequately maintained. Further, without limiting the scope of the foregoing by this enumeration, the GM shall not allow:

EL 2.1: Inadequate insurance coverage, including liability insurance for Board members.

EL 2.2: Inadequate maintenance, cleanliness, and security of premises and property.

EL 2.3: Inadequate protection of sensitive or proprietary information.

EL 2.4: The creation or purchase of any subsidiary corporation.

EL 2.5: Financial record-keeping systems that are inadequate or out of conformity with generally accepted accounting practices (GAAP).

EL 3 – Relationship to Employees

The GM shall not cause or allow employees to be treated in any way that is discriminatory, unfair, unsafe, unclear, or otherwise interferes with their ability to perform their duties. Further, without limiting the scope of the foregoing by this enumeration, the GM shall not allow:

EL 3.1: Inadequate, inequitable, inconsistent, or inaccessible personnel policies.

EL 3.2: Inadequate or inequitable opportunities for employee development.

EL 3.3: Inadequate support for employees facing personal, professional, or systemic challenges.

EL 3.4: Retaliation against any employee for non-disruptive expression of dissent.

EL 3.5: Anyone other than the GM to authorize the parameters for employee discipline.

EL 3.6: Anyone other than the GM to authorize termination of employment.

EL 4 – Relationship to the Board

The GM shall not cause or allow her, his, or their relationship to the Board to deviate from that of employee-employer. Further, without limiting the scope of the foregoing by this enumeration, the GM shall not allow:

EL 4.1: Changes to her, his, or their own compensation package, except as those benefits that are consistent with a package for all other employees, without Board approval.

EL 4.2: Anyone under the GM's authority, including the GM, to attempt to unduly influence the Board or Board policies, or exhibit bias for or against individual Board members.

EL 4.3: Inadequate, inaccurate, untimely, or unclear reporting or presentation of:

- a) Monitoring data;
- b) Any actual or anticipated noncompliance with any policy of the Board;
- c) All items delegated to the GM yet required by law, regulation, or contract to be Board-approved;
- d) Direct evidence that the organization is not in compliance with any obligations that may trigger the personal legal liability of Board members;
- e) Relevant trends, public events, or internal and external changes that may be important to the Board; or,
- f) A multi-year business plan.

EL 4.4: Inadequate operational and administrative support to the Board.

EL 5 – Integrity

The GM shall not cause or allow the long-term integrity of the organization to be undermined. Further, without limiting the scope of the foregoing by this enumeration, the GM shall not allow:

EL 5.1: Conflicts of interest.

EL 5.2: Damage to the organization's good will, public image, or credibility.

EL 5.2.1: Inadequate cooperation with other cooperatives.

EL 5.2.2: Operational conduct that may jeopardize any of the organization's giving programs.

EL 5.3: Products that are unreasonably dangerous to human health, including tobacco products, and the use of said products on property owned or leased by the organization except in designated areas where appropriate.

EL 5.4: Inadequate consideration for the diverse communities the organization serves.

EL 5.5: Long-term environmental damage directly resulting from operations.

EL 5.5.1: Infrastructure and equipment investments that fail to minimize or eliminate greenhouse gas emissions and long-term environmental damage when economically and technologically reasonable.

EL 5.5.2: Net positive greenhouse gas emissions beyond 2030.

B-GM Global – Board-GM Flow of Authority

The Board of Directors is a policy-making body. The Board oversees the cooperative exclusively by drafting and monitoring compliance with policies that are binding on the General Manager. Thus the Board's link to the cooperative is exclusively through the General Manager. The General Manager will be in active communication with the Board and may also, on occasion, delegate this responsibility to others. If so, the General Manager is responsible for and will be bound by such communications.

B-GM I – Unity of Control

Only decisions of the Board acting as a body are binding on the General Manager.

Accordingly,

B-GM 1.1: Decisions or instructions of individual board members, officers, or committees are not binding on the General Manager except in rare instances when the Board has specifically authorized such exercises of authority.

B-GM 1.2: In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager can refuse such requests that require, in the General Manager's opinion, a material amount of employee time or funds, or are disruptive.

B-GM 2 – Accountability of the GM

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

B-GM 3 – Delegation to the GM

The Board will instruct the General Manager through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the General Manager to use any reasonable interpretation of these policies.

Accordingly,

B-GM 3.1: The Board will develop policies instructing the General Manager to achieve certain results, for certain recipients, at an appropriate cost. These policies will be developed systematically from the broadest most general level to more defined levels, and will be called Ends policies.

B-GM 3.2: The Board will develop policies that limit the latitude the General Manager may exercise in choosing organizational means. These policies will be developed systematically from the broadest most general level to more defined levels, and will be called Executive Limitations policies.

B-GM 3.3: As long as the General Manager uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the General Manager is authorized to establish all further policies, make all decisions, establish all practices, and develop all activities.

B-GM 3.4: The Board may change its Ends and Executive Limitations policies, but shall only hold the General Manager responsible for meeting a policy during the time period in which said policy was in effect.

B-GM 4 – Monitoring GM Performance

Systematic and rigorous monitoring of General Manager performance will be solely against the only expected General Manager job outputs: organizational accomplishment of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations.

Accordingly,

B-GM 4.1: Monitoring is simply to determine the degree to which the Board policies are being met. Therefore, the General Manager shall define metrics to measure results, set standards, and provide data that show performance relative to those standards.

B-GM 4.2: The Board will acquire monitoring data by one or more of three methods:

- (a) by internal report, in which the General Manager discloses 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, and
- (c) by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

B-GM 4.3: In every case, the standard for compliance shall be any reasonable General Manager interpretation of the Board policy being monitored.

B-GM 4.4: All policies that instruct the General Manager will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend upon a routine schedule.

B-GM 4.5: The Board will review the performance of the General Manager at least annually, based on a summary of the monitoring reports received during the previous calendar year.

B-GM 4.5.1: The anniversary date of the General Manager's employment shall be the date used for annual performance review.

B-GM 4.5.2: The Board will complete its review and consider possible action with regard to the General Manager's employment and/or adjustment to the General Manager's compensation at the regular board meeting preceding the anniversary date of the General Manager's employment.

B-GM 4.5.3: A letter summarizing the review and possible adjustment to the employment and compensation rate of the General Manager will be prepared by the President, approved by the Board members in attendance at the regular board meeting immediately following the anniversary date of the General Manager's employment, and hand delivered to the General Manager within two weeks thereof.

B-GM 4.5.4: Any adjustment to the General Manager's compensation made during the annual performance review shall become effective on that year's anniversary date of the General Manager's employment.

GP Global – Governance Process Commitment

The purpose of the Board, acting on behalf of the Co-op members, is to set strategic, long-range direction, hire the General Manager and monitor organizational performance, monitor Board performance, and provide effective leadership using the Policy Governance process.

GP I – Governing Style

The Board will govern with an emphasis on strategic leadership and outward vision.

Accordingly,

GP 1.1: The Board will be an initiator of policy that:

GP 1.1.1: is written,

GP 1.1.2: reflects its values and perspectives about ends to be achieved and means to be avoided, and

GP 1.1.3: is focused on the long-term effects outside the organization.

GP 1.2: The Board will:

GP 1.2.1: encourage diverse viewpoints,

GP 1.2.2: make collective decisions,

GP 1.2.3: maintain a clear distinction between Board and GM roles, and

GP 1.2.4: make all significant and important decisions formally by Board vote.

GP 1.3: The Board will strive for excellence through:

GP 1.3.1: group responsibility,

GP 1.3.2: discipline, meaning regular attendance, being prepared for meetings, following policy-making principles, and respecting one another's roles,

GP 1.3.3: Board development and orientation, and

GP 1.3.4: self-monitoring of the Board's process and performance.

GP 2 – Board Deliverables

As an informed agent of the member-ownership, the Board’s specific job products are those that ensure appropriate organizational performance.

Accordingly, the Board has direct responsibility to produce:

GP 2.1: Board decisions that reflect member-owners’ values and needs.

GP 2.2: Written governing policies that, at the broadest levels, address each category of organizational decision:

Ends: Organizational products, effects, benefits, outcomes, for intended recipients, and their relative worth (what good for which recipients at what cost).

Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

Governance Process: Specification of how the Board conceives, carries out, and monitors its own task.

Board-GM Linkage: How power is delegated and its proper use monitored; the GM role, authority, and accountability.

GP 2.3: Assurance of organizational performance on Ends and Executive Limitations.

GP 2.3.1 Continuity of the GM function.

GP 2.3.2 Structured monitoring of the GM as outlined in Board-Management Delegation policies.

GP 2.4: Operational decisions that the Board has prohibited the GM from making by its Executive Limitations policies.

GP 3 – Governance Development

The board will invest in its governance capacity. Board skills, methods, and supports will be sufficient to assure governing with excellence while incurring prudent costs.

Accordingly,

GP 3.1: All directors will show a willingness to learn and work within the Policy Governance model.

GP 3.2: New and veteran board members will be provided with the skills and knowledge necessary to discharge their responsibilities most effectively.

GP 3.2.1: The board will invest in outside consultation to provide governance skills.

GP 3.2.2: Board members will participate in CCMA, attend NFCA events and cooperative development training sessions, visit other co-ops, and attend the board meetings of other co-ops.

GP 3.3: Outside monitoring will be arranged so that the Board can exercise confident control over the organizational performance. This includes, but is not limited, to fiscal audit and legal services.

GP 3.3.1: The Board will hire independent, third-party representatives, monitors and/or auditors at rates that are consistent with prevailing market rates for such services in the Upper Valley. The costs of such services should fit within the stated guidelines for the Board's total budget.

GP 3.4: Outreach mechanisms will be used as needed to ensure the Board's ability to listen to member viewpoints and values.

GP 3.5: While the Board will always be vigilant to avoid unnecessary or irresponsible expenses, it is anticipated that the total budget for the Board will typically be in the range of one-tenth to two-tenths of one percent of the organization's total revenues.

GP 3.5.1: The Board shall develop and monitor an annual budget within GP 3.1 limits that includes expense categories that are consistent with the needs of the Board to carry out its other governance and fiduciary responsibilities.

GP 3.5.2: The Board shall develop and follow a budgetary process and schedule that includes the steps needed to put together the budget from the assembling of initial data to the final Board approval, with that approval occurring no later than one month before the start of the budget year.

GP 3.5.3: The Board shall monitor its compliance with agreed upon expenditure limits through review of quarterly reports of Board budgeted and actual expenditures provided by the General Manager.

GP 3.5.4: The Board shall develop and follow a process for making changes in the budget during the budget year that balances the need for quick action and the need for Board members to have the opportunity to review and vote on proposed changes.

GP 3.5.4.1: After approval of the final budget, and during the budgetary year, the Board needs to approve any increases to budget allocations.

GP 4 – Board Members’ Code of Conduct

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly,

GP 4.1: Board members must represent unconflicted loyalty to the interests of the ownership.

This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or employees. It also supersedes the personal interest of any Board member acting as a consumer of the organization’s services.

GP 4.2: Members must avoid conflict of interest with respect to their fiduciary responsibility.

GP 4.2.1: Board members must disclose and address conflicts of interest with respect to their fiduciary responsibilities to the Cooperative. A Board member has a conflict of interest within the meaning of this policy when s/he or a family member has a material financial interest in an issue or matter pending for discussion or decision by the Board and Management.

GP 4.2.1.1: For purposes of this policy, a “family member” is a Board member’s spouse, domestic partner, or child, as well as the spouse of a Board member’s child or other relative of a Board member living in the same household as the Board member.

GP 4.2.1.2: For purposes of this policy, a “material financial interest” is (1) an ownership or investment interest in an entity whose transactions, arrangements, potential transactions or potential arrangements with the Cooperative are before the Board or Management, (2) a compensation arrangement, including an employment relationship, with any such entity, (3) fiduciary duties, as a Board member or otherwise, or executive-level management authority at any such entity, or (4) direct personal participation (other than as a Board member) in a pending matter before the Board. A person who owns shares in a mutual fund does not have a “material financial interest” as to any of the fund’s holdings unless the Board or family member directs or advises the fund in connection with portfolio transactions.

GP 4.2.1.3: An employee member who becomes a Board member does not have a “material financial interest” by virtue of her or his employment relationship to the Cooperative.

GP 4.2.2: When a conflict of interest exists, a Board member must take one of two actions to address the conflict: (1) The Board member may advise the President, either in writing or at a Board meeting, that the Board member has a conflict of interest, and thereafter the Board member must absent herself or himself from all discussions and voting of the Board on any matter related to the conflict of interest. (2) The Board member may advise the Board that a conflict of interest exists and may ask the Board to waive the conflict and permit the Board

member to participate in discussion and voting on the matter. In the second circumstance, the Board member may participate in discussion and voting on the matter only by affirmative vote of the other Board members present and the Board may impose such conditions on the Board member's participation as the Board deems necessary to assure openness, competitive opportunity, access to inside information and the public perception that the Board is conducting its business fairly and ethically.

- GP 4.2.3:** Board members may not use their positions on the Board to obtain employment for themselves, family members, or close associates. A Board member wishing to pursue employment with the Cooperative may only do so after she or he has resigned or her or his term of office has expired.
- GP 4.2.4:** Upon taking office as a Board member, and prior to the May Board meeting of each year thereafter, each Board member shall report to the President, on a form approved by the Board, the existence of any actual conflict of interest or any other conflict of interest that the Board member has reason to believe may arise during the ensuing year. In addition, each Board member shall promptly report to the President any new conflict of interest that arises during the year.
- GP 4.3:** Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in the board policies. Board members' interaction with the General Manager or with employees must recognize the lack of authority vested in individuals except when explicitly board-authorized. Board members' interactions with public, press, or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
- GP 4.4:** Board members will respect the confidentiality appropriate to issues of a sensitive nature.
- GP 4.5:** Board members are not required to provide any personal data to the Co-op as a condition of Board service, except insofar as the Co-op requires such information to comply with applicable federal or state law. Board members must provide such information and otherwise comply with applicable legal requirements when the Co-op identifies the specific statute or rule involved and furnishes the applicable forms and instructions.
- GP 4.6:** In order to contribute to the board, board members must be capable of a high standard of behavior and performance.
- GP 4.6.1:** They must be civil, courteous, and professional.
- GP 4.6.2:** They must communicate effectively with the rest of the board.
- GP 4.6.2.1:** Directors will respond to communication out of board meetings in a timely fashion.
- GP 4.6.3:** They must fulfill commitments made during board meetings.
- GP 4.6.4:** They must be able to deliberate thoughtfully and assertively, showing full respect for others' opinions.

GP 4.7: Expectations are that directors adhere to the proper time commitments to conduct board business. This includes the following (with approximate time requirements):

GP 4.7.1: Preparation for and attendance at monthly board meetings (6-8 hours per month).

GP 4.7.2: Participation in various working groups (e.g., committee work) during the month (2-3 hours per month).

GP 4.7.3: Participation in the planning and conduct of the Annual Meeting (a few hours plus the meeting each year).

GP 4.7.4: Participation in events, such as Producers Fair, and in ballot counting. (Several hours a few days each year).

GP 4.7.5: Attendance at an annual board retreat (a day-long session).

GP 5 – President’s Role

The Board President ensures the integrity of the Board’s process and, secondarily, occasionally represents the Board to outside parties.

Accordingly,

GP 5.1: The job result of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

GP 5.2: The President shall set the agenda and chair Board meetings, with all the commonly accepted powers of that position.

GP 5.2.1: The President will ensure that meeting discussion content will be only on those issues, which according to board policy, clearly belong to the Board to decide, not the GM.

GP 5.2.2: The President will ensure that deliberation will be fair, open and thorough but also timely, orderly and kept to the point.

GP 5.2.2.1 The President will ensure that diverse viewpoints are allowed to be presented at Board meetings and that all Board members are free to present their views to the Board.

GP 5.2.3: The President will call for a vote on all seconded motions from the floor.

GP 5.2.4: The President will ensure that all decisions are voted.

GP 5.3: The authority of the President consists in making decisions that fall within topics covered by board policies on Governance Process and Board-GM Linkage, except where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.

GP 5.3.1: The President has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the President has no authority to supervise or direct the GM.

GP 5.3.2: The President shall ensure appropriate orientation for all newly elected Board members.

GP 5.4: The President may represent the Board to outside parties in announcing board-stated positions and in stating decisions within the area delegated to the President.

GP 5.4.1: The President may delegate this authority but remains accountable for its use.

This policy will be monitored by annual report in November of the President followed by an Executive Session with the GM and without the President in November of each calendar year.

GP 6 – Board Process for Recruitment and Continuity

To ensure continuation of effective leadership and governance, the board commits itself to recruiting high quality candidates for open board positions.

GP 6.1: The board will appoint an Election Committee constituted according to the bylaws and that committee's charter.

GP 6.1.1: All directors will, to the best of their ability, support and assist in the Election Committee's efforts to recruit candidates to run and to encourage the membership to vote.

GP 7 – Monitoring Board Performance

The Board will annually monitor, assess, and ensure its compliance with Board policies on Board Process and Board-General Manager Relationship.

GP 7.1: Responsibility for preparing and presenting a brief monitoring report with respect to Board Process and the Board-General Manager relationship will be allocated among all Board members. When applicable, suggestions for improvement will be included in the brief monitoring reports.

GP 7.2: Reports will be discussed at Board meetings to determine the voice of the Board and to take relevant action as needed.

GP 7.3: The Board will disclose compliance information to the membership.

GP 10 – Board Committees

The Board will assign committees, when appropriate, to reinforce the wholeness of the board's job, and never to interfere with delegation from board to GM.

GP 10.1: Board committees are to help the board do its job, never to help, advise, or exercise authority over management. Committees ordinarily shall assist the board by preparing alternatives and implications for board deliberation or by performing direct inspections or overseeing monitoring functions as specified by the board.

GP 10.2: Board committees may not speak or act for the Board except when the Board formally gives such authority for specific and/or time-limited purposes.

GP 10.3: The board will carefully state expectations and authority in order not to conflict with authority delegated to the GM.

10.3.1: The GM is not required to obtain approval of a Board committee before an executive action. The GM works for the full board.

10.3.2: Board committees cannot exercise authority over employees.

GP 10.4: The Board will use committees sparingly.

GP 10.5: Any group formed by board action, whether called a committee or not, and whether it includes directors or not, is subject to this policy. It does not apply to committees formed under the authority of the GM.

GP 10.6: All committee members shall abide by the same Code of Conduct as governs the board.

GP 10.7: Except as defined in written Committee Charter, no committee has authority to commit the funds or resources of the organization.

GP 10.8: The time and location of all board committee meetings shall be made public at least 48 hours in advance of the meeting.

GP 11 – Board Committee Structure

A committee is a board committee only if its existence and charge come from the board, regardless of whether board members sit on the committee. The only board committees are those that are set forth in lower-level sections of this policy or in the Co-op’s bylaws. The need for activation of each committee will be reviewed at the beginning of each board year.

GP 11.1 Bylaws Committee

The Bylaws Committee assists the board in maintaining bylaws that meet the Co-op’s organizational needs while remaining consistent with relevant legislation.

Committee Products:

1. The committee reviews current bylaws for relevance, clarity, completeness, and consistency with current legislation and the Co-op’s Certificate of Organization.
2. As needed, the committee proposes revisions to current bylaws for the board’s consideration.
 - 2.1 The committee ensures that proposed revisions are consistent with current legislation and the Co-op’s Certificate of Organization before presenting them to the board via work with legal counsel, as required.
 - 2.2 The committee provides written rationale for each proposed revision.
3. The committee ensures sufficient communication with the Co-op’s member-owners to enable informed voting on proposed bylaws revisions endorsed by the board.
 - 3.1 The committee follows a timeline designed to provide adequate time for education of member-owners on the proposed revisions prior to voting.
 - 3.2 The committee provides written rationale for each proposed revision.
 - 3.3 The committee participates in events intended to inform member-owners about the proposed changes.

Committee Authority

4. The committee’s authority enables it to assist the board in its work, while not interfering with board holism.
 - 4.1 The committee has no authority to change board policies.
 - 4.2 The committee chair has the authority to reasonably interpret this charter.
 - 4.3 The committee has the authority to engage legal counsel as necessary.
 - 4.4 The committee has authority to request staff resource time normal for administrative support, including communication with member-owners and member-owner voting on proposed revisions.

Committee Composition and Tenure

5. The committee’s composition shall enable it to function effectively and efficiently.
 - 5.1 The board shall elect one of the current directors to chair the committee for one year.
 - 5.2 The chair will select the remaining members subject to the approval of the Board of Directors.
 - 5.3 The committee shall disband upon completion of its assigned tasks.

GP 11.2 Diversity, Equity, and Inclusion Committee

The Diversity, Equity, and Inclusion Committee (DEI) assists the board in accordance with the board's responsibility for member-owner linkage with a changing and growing membership.

Committee Products:

1. The committee produces information, options, and observations for the board's consideration.
 - 1.1 The committee assesses the current level of board engagement with racially and socially diverse populations in the community.
 - 1.2 The committee provides information that enables the board to understand why some segments in the community do not engage with the board's ownership linkage activities, and it provides options regarding strategies to enhance diverse ownership engagement.
 - 1.3 The committee assesses the effectiveness of the board's linkage with the community's diverse populations.

Committee Authority:

2. The committee's authority enables it to assist the board in its work, while not interfering with board holism.
 - 2.1 The committee has no authority to change board policies.
 - 2.2 The committee chair has the authority to reasonably interpret this committee charter.
 - 2.3 The committee has no authority to spend funds without Board approval.
 - 2.4. The committee has authority to request employee resource time normal for administrative support.

Committee Composition and Tenure:

3. The committee's composition shall enable it to function effectively and efficiently.
 - 3.1 The board shall elect one of the current directors to chair the committee.
 - 3.2 The committee shall have a minimum of five members, including two board members in addition to the chair and at least two employees with interest in and/or job duties related to the committee's subject matter or governance in general. Preferably, one of the two employees will also have knowledge of current human resources practices.
 - 3.3 The chair will strive to achieve a committee composition that reflects the diversity of our community.
 - 3.4 The chair will select the members subject to the approval of the Board of Directors.

GP 11.3 Ends Committee

The Ends Committee assists the board in ensuring the Ends reflect the will of the member-owners.

Committee Products:

1. The committee brings to the board, from the member-owners, suggested revisions to the Ends approved by the board on June 26, 2019 .
 - 1.1. The member-owners have the opportunity to provide significant input in the development of any revisions to the Ends approved by the board on June 26, 2019.

Committee Authority:

2. The committee's authority enables it to assist the board in its work, while not interfering with board holism.
 - 2.1 The committee has no authority to change board policies.
 - 2.2 The committee chair has the authority to reasonably interpret this committee charter.
 - 2.3 The committee has no authority to spend funds without prior Board approval.
 - 2.4. The committee has authority to request administrative support, especially to reach out to the membership.

Committee Composition and Tenure:

3. The committee shall include board members, member-owners, and employees.
 - 3.1. The board shall appoint one of the current directors as chair.
 - 3.2. The committee shall include, at a minimum, three directors in addition to the chair, two member-owners, and two employees.
 - 3.3. The chair will select the committee members, subject to the approval of the Board of Directors.
 - 3.4 The committee shall disband upon delivering any proposed revisions to the Ends approved by the board on June 26, 2019.

GP 11.4 Governance Committee

The Governance Committee assists the board in improving its processes and its use of Policy Governance.

Committee Products:

1. The committee supports the board's efforts to achieve continuous improvement.
 - 1.1. The committee provides suggestions to improve board workflow and to improve its strategic governance and monitoring practices.
 - 1.2. The committee provides a draft of a new policy or policy revisions upon request of the full board or when an individual director seeks assistance.
 - 1.3. The committee suggests ways to address noncompliance with GP and B-GM policies.
 - 1.4. The committee updates the policy manual and Board Handbook to reflect current board practices and policies.
 - 1.5. The committee presents to the board options for action items derived from reports from the board's governance consultant.

Committee Authority:

2. The committee's authority enables it to assist the board in its work, while not interfering with board holism.
 - 2.1 The committee has no authority to change or contravene board policies, despite its charge to bring suggested revisions to the board.
 - 2.2. The committee may engage legal counsel for opinions regarding board governance matters.
 - 2.3. The committee has authority to request a normal amount of employee resource time for administrative support from an employee familiar with the board's operations.
 - 2.3.1. The committee will exclude such an employee from its work when confidentiality dictates, at the discretion of the committee members.
 - 2.4. The committee will liaise with the Board's governance consultant, but it may not enter into or change the consulting contract.
 - 2.5. The committee chair has the authority to reasonably interpret this committee charter.

Committee Composition and terms:

3. The committee's composition shall enable it to function effectively and efficiently.
 - 3.1. The board will appoint the chair of the committee.
 - 3.2. The chair will seek volunteers from the remaining members of the board so that there are at least four directors on the committee.
 - 3.3. The composition of the committee shall be approved by the board.

GP 11.5 Member Linkage Committee

The Member Linkage Committee assists the board in fulfilling its responsibility for linkage with owners, including identification of potential candidates for Board of Directors. The board as a whole remains accountable for member linkage.

Committee Products:

1. The committee develops and encourages member-owner engagement with the Co-op.
 - 1.1 Member-owners are given the opportunity to understand and achieve varying levels of engagement, including service on the Board of Directors.
 - 1.2 Member-owners are encouraged to run for Board of Directors.
2. The committee develops a rolling three-year ownership linkage plan, to be approved by the full board, to ensure intentional and constructive board dialogue with the owners.
 - 2.1 The plan includes data collection that respects the diversity of the ownership.
 - 2.2 The committee considers its ownership linkage successful if, to a continually increasing degree:
 - 2.2.1 when developing or revising Ends, the board has access to diverse viewpoints that are representative of the ownership regarding what benefits this organization should provide, for whom, and the relative priority of those benefits;
 - 2.2.2 the owners are aware that the board is interested in their perspective;
 - 2.2.3 if asked, the owners would say that they have had opportunity to let the board know their views; and
 - 2.2.4 the owners are aware of how the board has used the information they provided.
 - 2.3 Information obtained is used to inform the board's policy decisions.

Committee Authority:

3. The committee's authority enables it to assist the board in its work, while not interfering with board holism.
 - 3.1. The committee has no authority to change board policies.
 - 3.2. The committee chair has the authority to reasonably interpret this committee charter and the board's GP 12–Board Linkage with Ownership policies.
 - 3.3. The committee has authority to spend funds set out in the board-approved governance budget.
 - 3.4. The committee has authority to request employee resource time for administrative support of the three-year ownership linkage plan.

Committee Composition and Tenure:

4. The committee's composition shall enable it to function effectively and efficiently.
 - 4.1. The board shall elect one of the current directors to chair the committee.
 - 4.2 The committee will have a minimum of five additional members.
 - 4.3 The chair will select the remaining members subject to the approval of the Board of Directors.

GP 11.6 General Manager Search Committee

The Search Committee assists the board with hiring a new General Manager by organizing and overseeing a process for soliciting applications for the position, providing a preliminary review of applications, and arranging for interviews with qualified candidates.

Committee Products:

- 1.** The committee produces an orderly and efficient search process for a new General Manager.
 - 1.1** The committee produces a list of competencies and expertise for the General Manager.
 - 1.1.1** The committee provides opportunities for public/employee/member engagement to provide input into the attributes desired of the General Manager.
 - 1.2** The committee ensures a process which produces qualified candidates for the board to consider.
 - 1.3** The committee provides opportunities for board discussion regarding the hiring of the General Manager.
 - 1.4** The committee provides monthly reports for the board on its activities and the status of the search for a new General Manager. These reports are delivered in writing to the board one week before each board meeting.

Committee Authority:

- 2.** The committee's authority enables it to assist the board in its work, while not interfering with board holism.
 - 2.1** The committee is authorized to solicit proposals from executive search firms and to negotiate the terms of the contracts with those search firms. Final contracts are subject to board approval.
 - 2.2** The committee has the authority to seek consultation from key professionals across the industry.
 - 2.3** The committee has authority to request a normal amount of employee resource time for administrative support.
 - 2.4** The committee chair has the authority to interpret this committee charter reasonably.

Composition and terms:

- 3.** The committee's composition shall enable it to function effectively and efficiently.
 - 3.1** The board will elect one of its current members to chair the committee.
 - 3.2** The committee will have a minimum of five members and shall include board members, member-owners, and an employee director, should one be elected.
 - 3.3** The chair will select the remaining members subject to the approval of the Board of Directors.
 - 3.4** The committee shall disband upon completion of its assigned tasks.

GP 12 – Board Linkage with Ownership

The owners of the Hanover Consumer Cooperative Society are defined as the Co-op members. The board shall be accountable for the organization to its owners as a whole. Board members shall act on behalf of the owners as a whole, rather than being advocates for specific geographic areas or interest groups.

GP 12.1 When making governance decisions, board members shall maintain a distinction between their personal interests as customers of the organization’s services, and their obligation to speak for others as a representative of the owners as a whole. As the agent of the owners, the board is obligated to identify and know what the owners want and need.

GP 12.2 The board shall gather data in a way that reflects the diversity of the ownership. It shall meet with, gather input from, and otherwise interact with owners in order to understand the diversity of their values and perspectives.

GP 12.3 The board will establish and maintain a three-year ownership linkage plan, in order to ensure that the board has intentional and constructive dialogue and deliberation with the owners, primarily around the organization’s Ends. The plan will include selection of representative owners for dialogue, methods to be used, and questions to be asked of the owners. The information obtained from this dialogue with owners will be used to inform the board’s policy deliberations.

GP 12.3.1 All board members are accountable to the board for participating in the linkage with owners as identified in the plan.

GP 12.4 The board will consider its ownership linkage successful if, to a continually increasing degree:

- When developing or revising Ends, the board has access to diverse viewpoints that are representative of the ownership regarding what benefits this organization should provide, for whom, and the relative priority of those benefits.
- The owners are aware that the board is interested in their perspective.
- If asked, the owners would say that they have had opportunity to let the board know their views.
- The owners are aware of how the board has used the information they provided.

Appendix I – Monitoring Calendar

Policy Monitoring Schedule	Report Author
May	
EL Global	General Manager
GP 8 – Cooperative Giving Programs	Board
June	
EL 2 – Assets	General Manager
GP 6 – Board Process for Recruitment and Continuity	Board
July	
EL 1 – Finances	General Manager
August	
September	
EL 3 – Relationship to Employees	General Manager
October	
EL 1 – Finances	General Manager
GP 12 – Member Linkage with Ownership	Board
November	
GP 5 – President’s Role	Board
December	
EL 4 – Relationship to Board of Directors*	General Manager
GP 3 – Governance Development	Board
January	
EL 5 – Integrity	General Manager
GP 2 – Board Deliverables	Board
GP 10 – Board Committees	Board
GP 11 – Board Committee Structure	Board
February	
EL 1 – Finances	General Manager
GP 4 – Board Members’ Code of Conduct	Board
B-GM 2 – Accountability of the GM	Board
B-GM 3 – Delegation to the GM	Board
March	
Ends Global	General Manager
B-GM Global (2020)	Board
B-GM 1 – Unity of Control	Board
B-GM 4 – Monitoring GM Performance	Board
April	
EL 1 – Finances	General Manager
GP Global	Board
GP 1 – Governing Style	Board
GP 7 – Monitoring Board Performance	Board

*including presentation of the annual business plan and budget for information purposes only.

Board Self-Monitoring Schedule for 2021/2022

Policy Monitoring Schedule	Report Author
May	
GP 8 – Cooperative Giving Programs	Marta Ceroni
June	
GP 6 – Board Process for Recruitment and Continuity	Nick Clark
July—September	
	(none)
October	
GP 12 – Member Linkage with Ownership	_____
November	
GP 5 – President’s Role	_____
December	
GP 3 – Governance Development	_____
January	
GP 2 – Board Deliverables	_____
GP 10 – Board Committees	_____
GP 11 – Board Committee Structure	_____
February	
GP 4 – Board Members’ Code of Conduct	_____
B-GM 2 – Accountability of the GM	_____
B-GM 3 – Delegation to the GM	_____
March	
B-GM Global	_____
B-GM 1 – Unity of Control	_____
B-GM 4 – Monitoring GM Performance	_____
April	
GP Global	_____
GP 1 – Governing Style	_____
GP 7 – Monitoring Board Performance	_____

Appendix 2 – Monitoring Report Guidelines

The Board monitors compliance with its governance policies via written reports by the General Manager (GM) on individual Executive Limitations (ELs) and Ends Global, and seeks to improve its own performance by Board self-evaluation on Governance Process (GP) and Board-GM Relations (B-GM). The Board maintains a Monitoring Calendar (see Appendix 1) to ensure consistent monitoring over the course of a Board year.

Board self-evaluation is via written report prepared by a designated board member who supports his/her conclusions with examples acquired through survey, interviews, meeting minutes, personal observation, or other means, as appropriate. Board discussion then revolves around means for self-improvement.

1. **Distribution:** The appropriate monitoring reports for the month are included in the Board’s meeting packet. Packets are distributed to all Board members in advance of the meeting.
2. **Read:** Board members read the reports in advance of the monthly meeting to prepare for Board action. For ELs and the Ends Global report, Board members examine the report to determine if:
 - a. the GM’s interpretation of the policy is reasonable,
 - b. the data provided is adequate to support the report’s conclusion,
 - c. the report shows compliance with the Board’s policy. If not in compliance, Board members consider the severity, implications, and trends to prepare for discussion at the Board meeting.

For GP and B-GM survey reports, Board members examine the report to determine areas for self-improvement. Board members come prepared for discussion at the Board meeting. Areas for self-improvement become part of the Board’s Governance Action Plan.

3. **Questions:** Directors are strongly encouraged to ask the General Manager questions about the GM reports before the meeting or during breaks to help optimize usage of the full board's time. Questions to help the Board understand the report and/or determine Board action are appropriate for the Board meeting.
4. **Board Action on ELs and Ends monitoring reports:** The Board President calls for a motion for Board action for each monitoring report and its conclusions. Sample motions for assessment of ELs and Ends monitoring reports are:
 - a) That the Board has assessed the monitoring report for policy “X” and finds that it demonstrates compliance with a reasonable interpretation of the policy.
 - b) That the Board has assessed the monitoring report for policy “X” and finds that it demonstrates compliance with a reasonable interpretation of the policy except for items(s) “xx”, for which the Board expects a reasonable interpretation by (date).
 - c) That the Board has assessed the monitoring report for policy “X” and finds that it demonstrates compliance with a reasonable interpretation of the policy except for the stated non-compliance with item (s) “xx”, which the Board acknowledges and accepts the planned date for compliance.
 - d) That the Board has assessed the monitoring report for policy “X” and acknowledges the non-compliance and accepts the planned date for compliance.

- e) That the Board has assessed the monitoring report for policy “X” and finds it does not demonstrate compliance with a reasonable interpretation of the policy. The Board expects the report to be resubmitted by (date).
5. **Minutes:** The meeting minutes document the Board’s receipt of and action regarding monitoring reports. Minutes create a clear paper trail that demonstrates the Boards due diligence in monitoring organizational performance.

Appendix 3 – Statement of Cooperative Identity

The International Cooperative Alliance, established in 1895, is considered to be the final authority for defining cooperatives and the principles by which they operate. The organization has made three formal statements of cooperative principles over the past 100 years in an effort to keep them relevant to the contemporary world. At its 100th anniversary meeting in September, 1995 in Manchester, England, the Alliance adopted the following “Statement of Cooperative Identity.”

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1. **Voluntary and Open Membership.** Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
2. **Democratic Member Control.** Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner.
3. **Member Economic Participation.** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
4. **Autonomy and Independence.** Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
5. **Education, Training and Information.** Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.
6. **Cooperation Among Cooperatives.** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.
7. **Concern for Community.** Cooperatives work for the sustainable development of their communities, through policies approved by their members.

Appendix 4 – Bylaws

BYLAWS OF THE HANOVER CONSUMER COOPERATIVE SOCIETY REVISED MAY 1, 2017

ARTICLE I

Organization

SECTION 1.

Name. The name of this organization is the Hanover Consumer Cooperative Society, Inc., a cooperative organized pursuant to the New Hampshire Consumers' Cooperative Act and hereinafter referred to as "the Cooperative."

SECTION 2

Cooperative Values and Principles. The business and affairs of the Cooperative shall be conducted in accordance with the cooperative values and principles as promulgated by the International Cooperative Alliance.

ARTICLE II

Business Practices

SECTION 1.

The purposes of the Cooperative are to meet the needs of its Members on a cooperative basis and to support and promote the cooperative movement.

SECTION 2.

Non-Members may purchase goods from the Cooperative, but a non-Member shall be entitled to patronage refunds only as credit towards the purchase of ten shares of Class A Common Stock.

ARTICLE III

Membership

SECTION 1.

Becoming a Member. A person, of eighteen years of age, or an entity may become a Member of the Cooperative:

- a. Upon full payment for ten or more shares of Class A Common Stock; or
- b. Upon being credited within a three consecutive calendar year period with patronage refunds sufficient to buy ten or more shares of Class A Common Stock, failing which such credits and/or shares of Class A common stock shall become part of the general reserve of the Co-op and
- c. By satisfying all other requirements provided in these Bylaws, the Cooperative's Certificate of Organization and as may be required by law.

SECTION 2.

Membership Defined. The Membership shall consist of all the Members of the Cooperative.

SECTION 3.

Withdrawal from Membership. At such time as a person or entity fails to meet any of the requirements of becoming a Member the person or entity shall cease to be a Member.

SECTION 4.

Presentation of Bylaws. A copy of these Bylaws shall be given to each Member, upon becoming a Member, and the Member shall be notified of the significance of the constructive consent provision of Section 5, below.

SECTION 5.

Constructive Consent of Members. Each person who hereafter applies for and is accepted as a Member of the Cooperative and each Member of this Cooperative on the effective date of this Bylaw, who continues as a Member after such date shall, by such act alone, consent that the amount of any distributions with respect to his or her patronage occurring after the date of adoption of this Bylaw, which are made in written notices of allocation (as

defined in Section 1388 of the Internal Revenue Code) and which are received by the person or Member from the Cooperative, will be taken into account by the person or Member at their stated dollar amounts in the manner provided in Section 1385 (a) of the Internal Revenue Code in the taxable year in which such written notices of allocation are received by the person or Member.

SECTION 6.

Shares Non-assessable. No Member of the Cooperative may be held liable for the debts of the Cooperative beyond amounts credited towards Membership shares.

ARTICLE IV

Rights of Members

SECTION 1.

Membership Control. The Members shall elect a Board of Directors to administer the affairs of the Cooperative. Through these Bylaws, the Members delegate to the Board of Directors certain powers and responsibilities, but retain for the Members the power and the right to amend the Bylaws and the Certificate of Organization and such other rights and powers as expressly provided herein and in the Certificate of Organization or as provided by law.

SECTION 2.

Regular Meetings. The Cooperative shall have one or more regular meetings during the year. One regular meeting shall be designated the “Annual Meeting” of the Cooperative and shall be held within four calendar months following the end of the immediately preceding fiscal year. In advance of the Co-op’s fiscal year the Board may designate such other date(s) as a regular meeting for the coming fiscal year.

SECTION 3.

Special Meetings. Special meetings may be called by a majority vote of the Board of Directors and must be called whenever a petition for such a meeting, signed by at least ten (10) percent of the Members, is presented to the Board.

SECTION 4.

Conduct of Meetings. Except where the Bylaws and Certificate of Organization otherwise provide, Robert’s Rules of Order, as revised, shall govern at regular and special meetings.

SECTION 5.

Rights, Responsibilities and Limitations of Membership. Every Member shall have an equal right to Participate in Membership meetings, to have one vote in all elections, to attend meetings of the Board of Directors, as provided herein, and to share in the distribution of net savings as provided in these Bylaws. Membership approval shall be required of any decision of the Board involving commitments of sums in excess of 4 percent (in the aggregate) of the previous fiscal year’s gross annual sales, an enactment or amendment of the Bylaws or the Certificate of Organization.

SECTION 6.

Board Candidacy. Any Member may seek to be a candidate for the Board of Directors by submitting a statement of interests and qualifications to the Election Committee pursuant to the schedule established by that Committee.

SECTION 7.

Voting. Decisions to be made by the Members, including the election of the Board of Directors and the amendment of the Bylaws or the Certificate of Organization, shall be by a vote of the Membership held in connection with a regular or special meeting of the Membership. The voting shall be conducted during a period of between three and 30 days as determined by the Board. Each Member shall have one vote and only one vote.

SECTION 8.

Method of Voting and Notice of Meetings. The Board of Directors shall determine the method by which Membership voting is conducted, which may include electronic ballot, paper balloting, or both, provided that there are reasonable opportunities for all Members to vote. Voting by proxy is prohibited. Notice of the voting shall be sent to each Member via the last known electronic or postal address at least ten days prior to the meeting and as required by law.

SECTION 9.

Quorum. In order for any election or other balloting to have effect, valid ballots from least 500 Members, as certified by the Board, must be received by the end of the voting period.

SECTION 10.

Access to Information. The Cooperative shall keep its Members reasonably informed of the organizational and financial affairs of the Cooperative. Upon request, a Member shall have access to the books and records of the Cooperative as provided by law.

ARTICLE V

Board of Directors

SECTION 1.

Composition of the Board. The governance of the Cooperative shall be vested in a Board of Directors, which shall consist of twelve (12) Members of the Cooperative, each of whom shall be at least 18 years of age. Directors shall be elected by the Membership during the voting held in connection with the Annual Meeting of the Cooperative. Directors shall serve three-year staggered terms so that the regular terms of four Directors expire at the start of the first regular Board meeting following each election.

SECTION 2.

Taking Office. A duly elected or appointed Director shall take office at the later of (a) the first Board meeting following the Director's election or appointment, or (b) the expiration of any notice period required by law for the licensing and authorization of any business activities conducted by the Cooperative.

SECTION 3.

Election of Officers. At the first Board meeting following the election of Directors each year, the Board shall elect, from among its Members, a President, Vice President, Secretary, and Treasurer. Each Officer shall serve until a successor is duly elected and qualified.

SECTION 4.

Employees as Directors. Provided they are also Members of the Cooperative, are duly elected or appointed, and do not report directly to the Board or the General Manager, a maximum of two employees of the Cooperative may serve on the Board of Directors. No employee Director shall be eligible to serve as President, Vice President, Secretary or Treasurer, nor shall an employee Director participate in the evaluation of the General Manager or in the determination of the General Manager's compensation. Employee Directors may participate in executive sessions at the discretion of a majority of the non-employee Directors present and voting.

SECTION 5.

Duties and Disqualification. Directors are fiduciaries of the Cooperative and shall at all times conduct themselves in a manner consistent with the cooperative values and principles referenced in Article I Section 2. If a majority of the full Board determines that any Director is not properly discharging his or her duties to the Cooperative, the Director may be removed from the Board of Directors by a vote of seven Directors.

SECTION 6.

Vacancies. The Board of Directors may fill by appointment any vacancy on the Board or among the Officers. An appointed Director shall serve through the next regular election, when the unexpired portion of the term shall be filled by election.

SECTION 7.

Regular Meetings. Regular meetings of the Board, on the call of the President and with due notice to the Directors and Members, shall be held at least quarterly. A majority of Directors shall constitute a quorum. Any Member of the Co-op may attend any meeting of the Board of Directors, and may upon invitation of the presiding officer participate in its discussions.

SECTION 8.

Executive Sessions. The Board may conduct an executive session, closed to all but the Board and its invitees, upon a vote of two-thirds of the Directors present specifying the matter or matters to be discussed in executive session. All binding decisions of the Board shall be made by recorded votes in open sessions.

SECTION 9.

Majority Rule. Unless otherwise required by the Certificate of Organization, by these Bylaws or by law, a majority vote

of the Directors present at a meeting at which a quorum has been satisfied shall be the act of the Board of Directors.

SECTION 10.

Special Meetings. The President may convene special meetings of the Board and shall convene such a meeting upon request of at least four Directors. A special meeting may be held only upon at least two days' notice to all Directors, specifying the matters to be discussed.

SECTION 11.

Appointment of General Manager. The Board shall appoint and determine the terms of employment of a General Manager, who shall report to the Board and conduct the day-to-day business of the Cooperative.

SECTION 12.

Fiscal Year. The fiscal year of the Cooperative shall be as established by the Board.

SECTION 13.

Annual Audit. The Board shall engage one or more certified public accountants to conduct an annual audit of the financial records of the Cooperative to ascertain whether they conform to Generally Accepted Accounting Principles.

SECTION 14.

Indemnification. To the extent allowed by law, the Cooperative shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorneys' fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director.

ARTICLE VI

Duties of Officers, Committees and General Manager

SECTION 1.

President. The President shall preside at all Membership and Board meetings, sign and execute (or provide a signature for facsimile reproduction), with the Treasurer, all shares of stock. The President shall sign such other documents as required in behalf of the Cooperative, and shall perform any other duties required by the Board.

SECTION 2.

Vice-President. The Vice-President shall perform the duties of the President when the President is unable to do so. Should the President and the Vice-President both be absent from a Membership or Board meeting, the Officers and Directors present shall elect one from among themselves to preside at the meeting.

SECTION 3.

Secretary. The Secretary shall attend all meetings of the Membership and the Board of Directors and be responsible for recording the names of all Directors present, all votes and proceedings of each meeting, and the minutes of their proceedings, or designate such a person to do so. The Secretary shall keep, or cause to be kept, the records, documents and other papers of the Cooperative in such a manner and for such purposes as the Board may require.

SECTION 4.

Treasurer. The Treasurer shall attend all meetings of the Membership and of the Board of Directors, and present such reports at such meetings as requested by the Board; be responsible for overseeing the financial condition of the Cooperative; shall sign with the President all certificates of stock; review with the Board at least quarterly a Statement of Income and Expense and a Balance Sheet; and keep the Board informed of the financial status of the Co-op by reports at the regular meetings of the Board prepared either by the Treasurer, the General Manager, or the designee of the General Manager.

SECTION 5.

Executive Committee. There shall be an Executive Committee, consisting of the President, who shall serve as chair, the Vice President, the Treasurer and the Secretary. The Executive Committee shall meet at the call of the President and may act on current business of the Cooperative when necessary between regular meetings of the Board of Directors and in the absence of a special meeting of the Board. All decisions of the Executive Committee shall be reported to the next Board meeting and shall be subject to the approval of the Board as a whole.

SECTION 6.

Finance Committee. The Board of Directors, convened as a committee of the whole, shall serve as the Finance Committee of the Cooperative to the extent such a committee may be required by law.

SECTION 7.

Election Committee. There shall be an Election Committee, which shall recruit and encourage candidates to fill vacancies on the Board of Directors. The Election Committee will educate candidates about the responsibilities of Board service, and educate membership about candidates' qualifications. The Election Committee will not choose or prefer candidates. The Election Committee shall establish the schedule for elections in a manner that provides a reasonable opportunity for eligible Members to seek election. The Board of Directors shall annually elect the Chair of the Election Committee from among the Directors serving non-expiring terms and shall appoint additional persons to the Committee from among the Members of the Cooperative so that the Committee shall consist of at least two Board members (including the Chair) and at least two non-Board members.

SECTION 8.

General Manager. The General Manager shall administer and supervise the business of the Cooperative and shall be directly responsible to the Board for the discharge of these duties.

SECTION 9.

Indemnification. To the extent allowed by law, the Cooperative shall indemnify and reimburse each present, past and future Officer for any claim or liability (including expenses and attorneys' fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director.

ARTICLE VII

Capital

SECTION 1.

Stock. There shall be authorized two classes of stock in the Cooperative:

- a. Class A shares, which shall have a par value of five dollars, are shares issued by the Cooperative in consideration for becoming a Member of the Cooperative.
- b. Class B shares, which shall likewise have a par value of five dollars, are shares issued only to Members as patronage refunds in lieu of cash payments. Class B shares may or may not have a fixed maturity date.

The issuance of all shares shall be in compliance with the Cooperative's Bylaws and Certificate of Organization and with the laws of New Hampshire and the United States, including their securities laws and laws concerning consumer cooperatives.

There shall be no fractional shares. Shares may be issued without certificate except as required by law.

SECTION 2

Dividends. Maturity Date. There shall be no dividends paid on Class A or Class B shares. The Board of Directors may require that any Class B shares distributed as Net Savings (patronage refund) have a fixed maturity date. The maturity date shall be as determined by the Board of Directors prior to the distribution of the shares as patronage refund. The terms of share redemption upon maturity shall be as determined by the Board of Directors in place at the time of the share redemption.

SECTION 3

Call for Payment. When the Board of Directors determines that the Cooperative has sufficient working capital, the Board may in its discretion call Class B shares for payment at par. The Board, in its discretion, may call Class B shares prior to their fixed maturity date and may elect to call only Class B shares having a specified maturity date and not call Class B shares of a different maturity date.

SECTION 4

Purchase of Shares. Each person or organization before admittance into Membership of the Cooperative shall purchase and make full payment on 10 shares of Class A stock.

SECTION 5

Share Transfer and Redemption.

- a. Except as provided in these Bylaws or as required by law, shares in the Cooperative are transferable only upon the approval of the Board of Directors.

- b. Any Member desiring to withdraw from Membership must inform the Cooperative in writing and tender for redemption all shares owned by the Member. The Board of Directors may in its discretion authorize the redemption of shares so tendered. The redemption proceeds shall equal either the par value or the book value of the stock, whichever is less.
- c. If the Cooperative does not, within 60 days of the tender, purchase all or any part of the holdings tendered, the Member may dispose of the unpurchased interest elsewhere, subject to the approval of the transferee by a majority vote of the Directors. Any would-be transferee not approved by the Directors may appeal to the Members at their first regular or special meeting thereafter, and the action of the meeting shall be final. A vote of the majority of the Members voting at a regular or special meeting may order the Directors to exercise their redemption power or approve of the transferee.
- d. The Directors may use reserve funds to recall, at par value, the holdings of any Member in excess of the amount required for Membership.
- e. When a Member dies or, in the case of an organization, ceases to exist, or when a Member makes no purchases from the Cooperative for a period of three years, the Board of Directors may redeem shares owned by such Member at par value.
- f. Notwithstanding anything to the contrary in these Bylaws, no purchase or recall of shares shall be made by the Directors if it will impair the solvency of the Cooperative.

SECTION 6

Unclaimed Shares. The Net Savings, patronage refund, share capital and Membership interest of a person (or entity) in the Cooperative shall be placed in the reserve fund and shall revert to the Cooperative upon determination that it has been abandoned as provided by NH RSA 301-A.

SECTION 6A

Transitional Provisions Regarding Stock.

- a. The Board of Directors may offer and issue new Class B shares having a fixed maturity date (New Class B shares) to members holding Class B shares as of May 1, 2017 (Old Class B shares). The maturity date shall be set by the Board of Directors, as shall all other terms of the exchange except as provided in these Bylaws. The offer shall be duly noticed to all members at their last known address and the offer shall remain open for a period of time not to exceed 5 years from the date of the offer.
- b. All Old Class B shares shall be cancelled upon a member's acceptance of the Cooperative's offer of New Class B shares in exchange for Old Class B shares. At the end of the 5 year exchange period all Old Class B shares which have not been exchanged for New Class B shares shall be cancelled and the holder of said Old Class B shares shall not receive any compensation of any kind in exchange for the cancellation of the Old Class B shares.
- c. This section 6A shall cease to be a part of the Bylaws on the fifth anniversary of the offer, the purpose of section 6A having been served.

SECTION 7

Lien on Capital. The Cooperative shall have an absolute lien on the share or loan capital, and on the interest due thereon, of any Member or any subscriber to share capital for debts owned by said Member or subscriber to the Cooperative.

SECTION 8

Reserve Fund. The Cooperative shall maintain a reserve fund consisting of an annual allotment of not less than ten percent (10%) of the net savings of the business for each year, contributions from individuals, confiscated capital of removed Members, and any other funds appropriated to it by action of the Board of Directors or the general Membership meetings; provided however, that in the event that said reserve fund exceeds 30% of both the paid-in and subscribed capital determined as of the end of the fiscal year, then the annual allotment to the reserve fund shall be determined by the Board of Directors. The reserve fund shall be the indivisible property of the Cooperative as a whole and shall not be depleted by payment of patronage refunds.

ARTICLE VIII

Distribution of Net Savings

SECTION 1.

Division of Net Savings. Following the close of each fiscal year the Net Savings (as defined by the New Hampshire Consumer Cooperative Act RSA 301-A or its successor, “the Act”) for the year shall be allocated to all patrons in proportion to their patronage; provided that the Net Savings may be retained to expand the Cooperative’s services or to reduce charges to its Members or patrons. The Board of Directors shall apportion the Net Savings of the Cooperative in accordance with the Act.

SECTION 2.

Manner of Distribution of Patronage Refunds. The Board of Directors shall first consider apportionment to the general reserve and/or to an educational reserve in accordance with the Act. The Cooperative shall distribute patronage refunds to patrons in cash, written notices of allocation, credit toward purchases at the Cooperative, or credit toward payment of Class A or Class B stock (if permitted by law and these Bylaws), subject to the limitations in sections 3 and 4 below.

SECTION 3.

When necessary to meet the capital needs of the Cooperative, the Board may determine that up to 80 percent of an annual patronage refund shall be distributed to Members in the form of Class B shares or other written notice of allocation.

SECTION 4.

A non-Member patron shall receive patronage refunds only in the form of Class A shares until such non-Member patron owns at least ten such shares, and only then upon registering with the Cooperative and presenting satisfactory evidence of the applicable purchases. A subscriber patron shall receive patronage refunds in the form of credit to the patron’s account until the amount of capital subscribed for has been fully paid.

ARTICLE IX

Amendments

The Certificate of Organization and Bylaws may be amended by a two-thirds (2/3) vote of the Members voting as set forth in Article IV Section 7 of the Bylaws.

END OF DOCUMENT

Appendix 5 – Hanover Cooperative Community Fund Contract with Twin Pines Cooperative Foundation

Cooperative Community Fund Sponsor Participation Contract

Co-op Name Hanover Consumer Co-op
 Address 45 South Park St.
Hanover, N.H. 03755
 Telephone # 603-643-2467 Fax # 603-643-1836
 Contact name Helen m Daisey or Steve maker
 e-mail Helen @ Coopfood store. com
 Web page Coopfood store. com

Co-op Initial donation amount:

\$ 5000

Hanover Consumer (Co-op sponsor) will establish our own local Cooperative Community Fund as a separate fund administered within Twin Pines Cooperative Foundation (TPCF). This fund will be titled:

Hanover Cooperative Community Fund.

TPCF will match up to a maximum of \$5,000 dollar for dollar to the fund for non-California Funds and \$10,000 for California Funds. The TPCF match is only available through December 31, 2000 for non-California Co-ops and December 31, 2001 for Californian Co-ops.

Hanover Consumer Co-op agrees to commit at least \$10,000 of our own co-op funds within the next five years to our Cooperative Community Fund.

We agree to commit to a goal of building our Cooperative Community Fund to a minimum of \$50,000 at the end of the first five years.

Hanover Consumer Co-op agrees to develop a local Trustee Advisory Committee. This group will have the responsibility of looking at the ways to increase donations and conduct fundraising from the local cooperative and the local community. In addition, the Trustees would advise the Board of Directors of TPCF.

We would like TPCF to disburse the donations based upon documentation from us. Preferably on an annual basis, but no more than quarterly we will provide, in writing, information to TPCF as to whom we recommend donations from our fund go to (including names, address and amounts of money to be donated.) TPCF will send checks to these recipients within one week of receiving information from the co-op.

By signing this agreement, we agree to the following Program details:

- Each sponsor Co-op will establish their Cooperative Community Fund as a separate fund administered within TPCF.
- TPCF has set aside \$125,000 of our resources to develop a matching fund program to support this initiative. \$100,000 will target co-ops in California and \$25,000 to match Sponsor Co-ops outside of California. This money would be available until December 31, 2001.
- TPCF commits to matching on a dollar for dollar basis every dollar contributed to the fund by the Sponsor Co-ops. The maximum amount contributed to each AC member co-op Community Fund would be \$10,000. The maximum amount contributed to other co-op participants would be \$5,000.
- Each participating AC Member Co-op would commit at least \$10,000 to their Cooperative Community Fund to also match the contributions of their members. Smaller AC co-ops would be allowed to start with a commitment of \$1000. The co-op can take up to 5 years to reach the match. Each AC Member Co-op would commit to a goal of building the Cooperative Community Fund to a minimum of \$50,000 at the end of the first five years.
- Each Cooperative will nominate a person to sit on the CCF Advisory Committee to Twin Pines. Twin Pines will host two meeting per year for this group, either through teleconference or meetings at CCMA.
- Fiscal year end is October 31. Whatever funds are in the account by this date, times interest money earned is what is credited to the sponsor coop's account for the following year. Prior to January 1st each year, TPCF will provide written notification to Sponsor Co-op about the funds available for each year.
- TPCF will provide marketing materials that can be tailored for use by the individual co-ops in their local community. The sponsor co-op is responsible for the reproduction costs. We also understand that we will need to provide staff and marketing of our own to make our fund grow.
- Each sponsor co-op provides a quarter page ad and editorial space in its newsletter to highlight the activities of the local sponsor co-op's CCF activities. Twice a year, TPCF is permitted to provide copy for the ad space that highlights the national work of the CCF's and TPCF. On its part, TPCF will develop a WEB page for the CCF program with a section for each Sponsor Co-ops.

TPCF Fund Investment Policy:

All funds will be invested in Certificates of Deposit until the overall fund balance reaches \$500,000. A lower cap amount may be decided upon by the Advisory Committee and suggested to the Twin Pines Board.

Once the overall funds reach this specified balance, we will offer two different investment programs. One will continue to be the fixed income Certificate of Deposit program, now called the "Fixed Income Program", the other a fund that may invest in other options, now called the "Investment Fund Program".

A third party fund manager will be chosen to manage the Investment Funds Program. Any costs associated with the management of this fund will be deducted from the investment fund.

In the Fixed Income Program, TPCF will invest money in Certificate of Deposits in Credit Unions, local banks, NCB Savings and other insured financial institutions. The Twin Pines Cooperative Foundation will be in a position to invest in Jumbo CD's to gain the highest interest rates available. We anticipate that jumbo yields earned by TPCF for the overall funds would be up to 1% higher.

Any changes in the existing investment policy would need a 2/3-majority vote by both the TPCF board and the Advisory Committee. Once the funds are split, a new voting policy will be adopted.

Twin Pines Cooperative Foundation would also be in a position to develop a program to raise funds from other foundations, donors and the natural foods industry. As a result, fundraising expenses would be lower as they would be spread among the funds. On the other hand, income from fundraising would be spread proportionately among the funds, allowing the funders and contributors to know that their name would be seen in a number of localities and among the 100,000 families who shop at the participating Sponsor Co-ops.

Administrative Fees:

Twin Pines has agreed to staff the complete non profit activity of the Cooperative Community Fund program, the accounting and reporting, the bank accounts and co-ordination among the local efforts.

The check stub or receipt issued locally shall be used by the individual for their tax deduction. However, when requested, TPCF will provide confirmation of eligible donations. The Twin Pines Executive Director will be available to answer questions and guide each of the local co-ops in their process. Twin Pines will generate printed materials, regular newsletter stories and leaflet copy to be modified by the local co-op. None of this work will have to be done by the local co-op. To achieve brand recognition all Sponsor Co-ops agree to call their program the Hanover Cooperative Community Fund (you choose your own first name), use the same CCF logo and presentation materials.

Each Sponsor Co-op will choose at what level of activity they wish to have their staff support development of the local Cooperative Community Fund. We see much of the work being rote after the set up of the systems. For example if the co-op adopts a change in the paperwork of the share withdrawal form it then becomes a bookkeeping transaction. If the co-op conducts a Quarterly Community Roundup then that it does that at the cash register. We have designed the program to build upon existing co-op activities that provide a simple mechanism for the customer/member to make the contribution.

To recover a portion of its costs and overhead, Twin Pines Cooperative Foundation would receive an annual sum as follows:

- Cooperative Community Fund Sponsors: ½ of 1% for Sponsor Fund levels below \$50,000, 1% for Sponsor Fund levels above \$50,000.
- In either case, the first year of participation is free. No fee will be assessed until the second time the fund passes October 31.
- Twin Pines will document on our financial statements those costs directly associated to CCF program.
- Twin Pines will carry Directors & Officers Liability insurance throughout the life of this program.

Fund Community Donations:

From the annual net income of each of the local funds donations should generally be made proportionally in the following four categories of activity:

<u>Category</u>	<u>Examples of Donations</u>
Environment	Environmental projects/Recycling/Alternative Transportation
Community	Health Care/Social Service/Service Groups/Community Events
Food & Hunger	Alternative Agriculture/Organic Farming/Food Banks/
Cooperatives	Co-op organizations/Co-op Development/Co-op Funds/Co-op Education

In the Co-op category, the Sponsor Co-ops could assign all or part of the interest from its co-op category to the establishment and funding of a local Cooperative Development Fund.

Funds could only be disbursed to groups, which are tax exempt 501© 3 organizations or meeting eligible social welfare objectives. To uphold TPCF's tax status, funds cannot be provided to groups engaged in political, lobbying or ineligible activities.

TPCF sponsorship of other eligible non-profit programs:

TPCF would be willing to adopt/sponsor other programs your co-op may be interested in setting up through a 501 © 3 organization. The fees and nature of other projects will be arrived at on an individual basis.

Transfer and separation issues:

A co-op sponsor can request to terminate their program with Twin Pines as long as the following parameter are met:

1. The transfer of funds would have to be to another 501-C-3 entity (which agrees to continue CCF program) and pass all legal requirements by the IRS non-profit tax codes.
2. Twin Pines would deduct 1% of the co-ops total fund balance for each year of participation for administration costs that Twin Pines subsidized throughout the life of the program. *→ Not to exceed a reasonable amount*
3. Twin Pines would deduct any contribution it made to the funds and/or any contributions it secured through third party entities. This deduction would be for principal only – not interest earned on these funds. *fixed amount, like \$10,000*

Steve Maher
Authorized Signature

Steve Maher, Board President
Printed Name

12/20/00
Date