

Governance Policies – Hanover Consumer Cooperative Society Inc

Vision and Values	1
Governance Process	2
GP 1 – Governing Style	3
GP 2 – Board Culture	4
GP 3 – Board Members' Code of Conduct	5
GP 4 – Board Member Compensation	6
GP 5 – President's Role	7
GP 6 – Vice President's Role	8
GP 7 – Treasurer's Role	9
GP 8 – Secretary's Role	10
GP 9 – Board Linkage with Owners	11
GP 10 – Board Committees	12
GP 10.5.1: Bylaws Committee	13
GP 10.5.2: Governance Committee	14
GP 10.5.3: Owner Linkage Committee	15
GP 10.6.4: General Manager Search Committee	16
GP 11 – Monitoring Board Performance	17
Board-General Manager	18
B-GM 1 – Unity of Control	19
B-GM 2 – Delegation to the General Manager	20
B-GM 3 – Monitoring General Manager Performance	21
Ends	22
Executive Limitations	23
EL 1 – Financial Stability	24
EL 2 – Asset Protection	25
EL 3 – Operational Capacity	26
EL 4 – Employee Well-Being	27
EL 5 – Community Engagement	28
EL 6 – Environmental Impact	29
APPENDIX 1: Monitoring Schedule	30
APPENDIX 2: Monitoring Guidelines	31
APPENDIX 3: Statement of Cooperative Identity	32
APPENDIX 4: BYLAWS OF THE HANOVER CONSUMER COOPERATIVE SOCIETY	34
ARTICLE I: Organization	34
ARTICLE II: Business Practices	34
ARTICLE III: Membership	34
ARTICLE IV: Rights of Members	35
ARTICLE V: Board of Directors	37
ARTICLE VI: Duties of Officers, Executive Committee, and General Manager	39
ARTICLE VII: Capital	40
ARTICLE VIII: Distribution of Net Savings	42
ARTICLE IX: Amendments	42

Vision and Values

Our vision is a well-nourished community cultivated through cooperation.

Our Co-op's Values

V1 - Employees: We value the well-being of our employees and their families.

We prioritize the well-being of our employees and their families by providing comprehensive support, fostering a healthy work-life balance, and promoting professional development opportunities.

Corresponds primarily to **EL 4 - Employee Well-Being**, but this value should be represented throughout all board policies.

V2 - Community: We value a diverse, equitable, and inclusive community.

We are dedicated to building a diverse, equitable, and inclusive community by actively engaging with individuals from different backgrounds, advocating for equal opportunities, and fostering an environment of respect, acceptance, and belonging.

Corresponds primarily to **EL 5 - Community Engagement**, but this value should be represented throughout all board policies.

V3 - Local: We value a resilient local food system and economy.

We support local producers and businesses and collaborate with community partners to *ensure* a sustainable and thriving local ecosystem. *We actively contribute to a resilient local food system and economy by sourcing locally, supporting local producers and businesses, and collaborating with community partners to ensure sustainable and thriving local ecosystems.*

Corresponds primarily to **Ends**, but this value should be represented throughout all board policies.

V4 - Environment: We value being a regenerative business with a positive environmental impact.

We promote environmental stewardship through sustainable practices and active investment in initiatives that have a positive and measurable impact on the environment.

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Corresponds primarily to **EL 6 - Environmental Impact**, but this value should be represented throughout all board policies.

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

Governance Process

Global: The purpose of the board is to effectively represent the interests of the owners and the community by understanding and clearly articulating their values, setting strategic long-range direction, employing a General Manager, monitoring organizational performance to ensure accountability, monitoring its own performance, and providing effective governance using the Policy Governance process.

GP 1 – Governing Style

The focus of the board's governance style is strategic leadership, maintaining an outward-looking vision, ensuring accountability, and promoting transparency in decision-making processes. Accordingly,

GP 1.1: Only decisions made collectively by the board are considered binding.

GP 1.2: The board develops Vision and Values statements that accurately reflect the perspectives of owners. The statements assist in guiding the board .

GP 1.2.1: The board conducts an annual review of the Vision and Values statements using a process that actively engages owners to ensure their perspectives are adequately represented. The review seeks to answer the following questions:

- Can the language of the statements be reasonably interpreted?
- Do the statements align with the perspectives of the owners?
- Are there any recommendations for changes to the Vision and Values statements?

GP 1.2.2: The board provides an annual Vision and Values Report to owners in anticipation of Annual Meeting with support from the General Manager.

GP 1.3: The board develops Governance Process (GP), Board-General Manager (B-GM), Ends, and Executive Limitation (EL) policies consistent with the Vision and Values statements.

GP 1.3.1: The board conducts an annual review of the GP, B-GM, Ends, and EL policies to ensure they are consistent with the Vision and Values statements and are sufficient to meet the expectations implicit in those statements.

GP 2 – Board Culture

The board is committed to actively promoting a culture that embraces diversity, equity, and inclusion. The board accomplishes this by:

GP 2.1: Establishing a culture of inclusivity: The board creates a safe and welcoming space where all board members feel valued, respected, and empowered to contribute their unique perspectives. It actively fosters an environment that encourages open dialogue, collaboration, and the free expression of diverse viewpoints.

GP 2.2: Proactively seeking diverse viewpoints: The board recognizes and values the importance of different experiences, backgrounds, and perspectives. It actively seeks diverse viewpoints by encouraging board members to share their unique insights, opinions, and concerns.

GP 2.3: Ensuring equitable treatment of board members: The board ensures that all board members are treated fairly and equitably in terms of access to information, opportunities for participation, and decision-making processes. It provides equal support, resources, and training opportunities to all board members irrespective of their background or tenure.

GP 2.4: Promoting inclusive board recruitment and selection: The board proactively works to attract and recruit individuals from diverse backgrounds when seeking new board members. The board reaches out to underrepresented groups, strives for a diverse pool of candidates, and ensures that the selection process is fair and unbiased.

GP 2.5: Enhancing board member development and support: The board provides ongoing development opportunities to enhance the skills, knowledge, and capacities of all board members. This includes offering training programs, workshops, and resources, including those focused on diversity, equity, and inclusion topics.

GP 2.6: Ensuring transparent and accountable governance: The board ensures transparency in its decision-making processes, communication, and reporting. The board is accountable for its actions and decisions, fostering trust and confidence among stakeholders.

GP 3 – Board Members' Code of Conduct

The board and its members are committed to upholding lawful, prudent, and ethical conduct. Accordingly, board members must:

GP 3.1: Contribute positively to the board's culture as articulated in GP 2.

GP 3.2: Prepare for, attend, and actively participate in board meetings, attend board retreats and trainings, participate in linkage events, and follow through on action items.

GP 3.3: Demonstrate integrity, professionalism, and ethical conduct.

GP 3.4: Maintain the appropriate level of confidentiality concerning sensitive issues and continue to uphold confidentiality even after leaving board service.

GP 3.5: Act in the best interests of the organization and its stakeholders.

GP 3.5.1: Avoid engaging in self-dealing or any form of private business or personal services between themselves and the cooperative.

GP 3.5.2: Disclose to the board any actual or potential conflict of interest on an annual basis, as well as promptly disclosing any subsequent actual or potential conflict of interest that may arise.

GP 3.5.3: Refrain from using their positions on the board to influence operational decisions, including matters related to hiring.

GP 3.6: Address violations of this policy through a progressive process that:

- Aligns with the Co-op's employee policies and best practices.
- Initiates by raising concerns to the attention of the Secretary, who may seek guidance from the Director of People and Culture when necessary. However, concerns of a serious nature or requiring immediate attention may bypass one or more steps in the progressive process. Concerns involving the Secretary should be brought to the President or another officer.
- Involves the Director of People and Culture if the Secretary or other officer is unable to resolve a reported violation.
- Involves the Executive Committee if the Secretary and Director of People and Culture are unable to resolve a reported violation.
- Requires the board, in an Executive Session, to address a reported violation if the Executive Committee is unable to resolve it.
- Engages the ownership if the board cannot resolve a reported violation, potentially resulting in a board recommendation to the ownership regarding the removal of a board member. The board makes a reasonable effort to justify its recommendation, while respecting the privacy of individual board members and avoiding any inappropriate risks for the Co-op, the board, or individual board members.

GP 4 – Board Member Compensation

Board members receive fair compensation for their service on the board. Accordingly,

GP 4.1: Board members receive Co-op Rewards as a form of compensation for their board work. These rewards can be used for the purchase of goods and services from the Co-op. The allocation of rewards is based on the following baseline amounts:

- \$1,200 per year
- An additional \$400 per year for committee chair roles
- An additional \$800 per year for officer roles

GP 4.1.1: This allocation is adjusted annually based on the Co-op's Cost of Living Adjustment for employees generally, ensuring a fair compensation that keeps pace with changes in the cost of living.

GP 4.2: The allocation of Co-op Rewards may be prorated, reduced, or eliminated for board members who violate GP 3 - Board Members' Code of Conduct, as determined by the board. Nonstandard term lengths may also affect the allocation.

GP 4.2.1: Board members are expected to attend board-sanctioned events, and participate on at least one board committee and attend its regular meetings. Board members receive 75% of their allocation when their rate of attendance is between 51-75%, 50% for attendance between 26-50%, 25% for attendance between 1-25%, and zero allocation for zero attendance.

GP 4.3: Board member Rewards are subject to the same terms and conditions as all other Co-op Rewards provided to owners.

GP 4.4: The allocation of Co-op Rewards may be made in installments throughout the board year as necessary to ensure accurate accounting in line with the Co-op's fiscal year.

GP 5 – President's Role

In addition to the responsibilities prescribed by the Co-op's Bylaws, the board President ensures the integrity of the board's process and represents the board to external parties. Accordingly,

GP 5.1: The President ensures that the board operates in accordance with the Co-op's Bylaws, the board's Governance Process and Board-General Manager policies, and any applicable external regulations.

GP 5.2: The President chairs the Executive Committee and proposes the agenda for and chairs board meetings, exercising all the powers and responsibilities of the position as described in the Bylaws and Roberts' Rules of Order.

GP 5.2.1: The President ensures that board deliberations are fair, open, and thorough, while also maintaining timeliness, orderliness, and adherence to topics within the board's jurisdiction. The President manages the time spent on reports by limiting discussion unless a report indicates an issue.

GP 5.3: The President collaborates with the General Manager to foster a culture of cooperation between the board and operations.

GP 5.4: The President represents the board by announcing board-stated positions and communicating decisions within the scope delegated to the President to ensure consistent visibility of board outcomes to stakeholders.

GP 5.5: The President has the authority to gather information in a timely manner to address emergent issues requiring board deliberation.

GP 5.6: The President is supported by administrative assistance provided by the General Manager for duties assigned to the President.

GP 5.7: The President has no authority to make decisions on board policies related to Ends and Executive Limitations. Therefore, the President does not have authority to supervise the General Manager.

GP 5.8: The President may seek assistance from other board members for the aforementioned responsibilities, but ultimately remains accountable for the execution of this policy.

GP 5.9: The President is authorized to use any reasonable interpretation of this policy to carry out their responsibilities.

GP 6 – Vice President's Role

In addition to the responsibilities prescribed by the Co-op's Bylaws, the board Vice President ensures the continuity of the board's process and supports the fulfillment of the board's obligations. Accordingly,

GP 6.1: The Vice President is responsible for ensuring the timely execution of the board's obligations, which include:

- Conducting the annual review of the Board's Vision and Values statements.
- Monitoring Governance Process and Board-General Manager policies.
- Fulfilling other time-sensitive board obligations.

GP 6.2: The Vice President is responsible for ensuring that effective candidate recruitment and training processes are in place, as well as board election and orientation procedures.

GP 6.3: The Vice President is responsible for identifying and considering board development opportunities aimed at equipping board members with the necessary skills and knowledge to fulfill their responsibilities. These opportunities may include attending CCMA and NFCA events, participating in cooperative development training sessions, visiting other co-ops and attending board meetings of other co-ops, and engaging outside governance and development consultants.

GP 6.4: The Vice President is supported by administrative assistance provided by the General Manager for duties assigned to the Vice President.

GP 6.5: The Vice President has no authority to make decisions regarding board policies. Therefore, the Vice President does not have the authority to supervise the President or General Manager.

GP 6.6: The Vice President may seek assistance from other board members for the aforementioned responsibilities, but ultimately remains accountable for the execution of this policy.

GP 6.7: The Vice President is authorized to use any reasonable interpretation of this policy to carry out their responsibilities.

GP 7 – Treasurer's Role

In addition to the responsibilities prescribed by the Co-op's Bylaws, the board Treasurer ensures the continuity of the board's budget and financial oversight. Accordingly,

GP 7.1: The Treasurer presides over financial monitoring of the Co-op as described in these policies, including, but not limited to, the annual audit of the organization, board member compensation, and compensation of the General Manager.

GP 7.2: The Treasurer presides over the board's annual budgeting process.

GP 7.2.1: The Treasurer provides the board with a recommended budgetary range, based on one-tenth to two-tenths of one percent of the organization's total revenues, to guide the development of the budget.

GP 7.2.2: The Treasurer collaborates with the board and recommends expense categories that align with the board's needs and strategic priorities.

GP 7.3: The Treasurer is supported by administrative assistance provided by the General Manager for duties assigned to the Treasurer.

GP 7.4: The Treasurer has no authority to modify an approved budget or authorize expenditures unless explicitly authorized by the board. Therefore, the Treasurer does not have the authority to supervise the General Manager, the Director of Finance, or any other Co-op employee. The Treasurer may authorize travel-related reimbursements in alignment with the Co-op's relevant policies and practices.

GP 7.5: The Treasurer may seek assistance from other board members for the aforementioned responsibilities, but ultimately remains accountable for the execution of this policy.

GP 7.6: The Treasurer is authorized to use any reasonable interpretation of this policy to carry out their responsibilities.

GP 8 – Secretary's Role

In addition to the responsibilities prescribed by the Co-op's Bylaws, the board Secretary ensures the effective management and confidentiality of board documents and records. Accordingly,

GP 8.1: The Secretary ensures that all necessary board documents and records are appropriately maintained and readily accessible to the board as a whole.

GP 8.2: The Secretary ensures that all documents and records containing sensitive information concerning the General Manager, individual board members, or any other Co-op employee involved in an incident that is reasonably relevant to the board are securely retained and treated with strict confidentiality. The Secretary acts as a confidential liaison between the board and the Director of People and Culture in all matters of a sensitive nature.

GP 8.2.1: The primary responsibility for securely retaining documents and records is delegated to the General Manager, who ensures that all sensitive documents and records are stored internally within the Co-op and not by the Secretary.

GP 8.3: The Secretary presides over the annual evaluation of the General Manager with support from the Treasurer.

GP 8.4: The Secretary is supported by administrative assistance provided by the General Manager for duties assigned to the Secretary.

GP 8.5: The Secretary does not have the authority to supervise the General Manager, Director of People and Culture, or any other Co-op employee.

GP 8.6: The Secretary may seek assistance from other board members for the aforementioned responsibilities, but ultimately remains accountable for the execution of this policy.

GP 8.7: The Secretary is authorized to use any reasonable interpretation of this policy to carry out their responsibilities.

GP 9 – Board Linkage with Owners

The board acknowledges its accountability to the owners as a collective body. Accordingly,

GP 9.1: As the representative of the owners, the board is responsible for identifying and understanding the wants and needs of the owners. The board employs diverse methods to gather data that reflect the diversity of the ownership, ensuring inclusive and meaningful participation of owners.

GP 9.1.1: The board establishes and maintains an ongoing three-year ownership linkage plan to facilitate intentional and constructive dialogue with owners. The plan outlines strategies for engaging with owners and includes the selection of representative owners for dialogue, specific methods to be used, and key questions to be asked. The board primarily focuses on discussing the board's Vision and Values statements, and secondarily, the Ends and Executive Limitations policies. The insights gained from these dialogues with owners informs the board's deliberations.

GP 9.1.2: All board members are accountable to the board for actively participating in the linkage process with owners and integrating the insights gained from these interactions into their decision-making.

GP 9.1.3: The board periodically reviews and assesses the effectiveness of the ownership linkage plan to ensure its alignment with the changing needs and expectations of the owners.

GP 9.2: The board communicates the outcomes of the linkage process to the owners in a transparent and timely manner, providing regular updates and reports on how the owners' perspectives have influenced the board's decisions.

GP 9.3: The board promotes opportunities for ongoing engagement and education of owners, facilitating their understanding of the cooperative's governance model and encouraging their active participation in the democratic processes of the organization.

GP 9.4: The board continuously seeks to foster a culture of open communication and mutual trust between the owners and the board, promoting transparency, inclusivity, and responsiveness in its interactions with owners.

GP 9.5: The board periodically evaluates its effectiveness in representing the interests of the owners and assesses the impact of its linkage efforts on the overall governance of the cooperative. The results of this evaluation informs future improvements to the ownership linkage process.

GP 10 – Board Committees

The board may establish committees, when necessary, to support the fulfillment of the board's overall responsibilities, without encroaching upon the delegation of authority from the board to the General Manager.

GP 10.1: The schedule and venue of all board committee meetings is publicly announced at least 48 hours prior to the meeting.

GP 10.2: All committee members adheres to the same Code of Conduct that governs board members.

GP 10.3: Each committee chair provides the board with a summary of the discussions and outcomes of each committee meeting within 48 hours after the meeting. Written products generated by committees are shared with the board through accessible documents, enabling board members to review, provide comments, ask questions, and suggest revisions prior to regular board meetings.

GP 10.4: Committee activities and decisions aligns with the board's policies and objectives, serving as a means to support the board's governance role rather than assuming operational or managerial functions.

GP 10.5: The only board committees are those explicitly established in lower-level sections of this policy or specified in the Co-op's bylaws. The necessity for each committee's continuation are reviewed at the beginning of each board year, assessing their ongoing relevance and alignment with the board's objectives and strategic direction. Committees that are no longer deemed necessary may be dissolved or reconfigured.

GP 10.5.1: Bylaws Committee

The Bylaws Committee supports the board in maintaining bylaws that align with the Co-op's organizational needs and remain consistent with relevant legislation.

Committee Responsibilities:

1. The committee conducts regular reviews of the current bylaws to assess their relevance, clarity, completeness, and compliance with current legislation and the Co-op's Certificate of Organization.
2. As necessary, the committee proposes revisions to the existing bylaws for the board's consideration.
 - a. Proposed revisions are thoroughly reviewed to ensure alignment with current legislation and the Co-op's Certificate of Organization. Legal counsel may be engaged, as required.
 - b. The committee provides written rationale for each proposed revision, outlining the reasons behind the recommendation.
3. The committee ensures effective communication with the Co-op's owners, facilitating informed voting on proposed bylaws revisions endorsed by the board.
 - a. A timeline is established to allow sufficient time for owner education regarding the proposed revisions prior to voting.
 - b. The committee provides written rationale for each proposed revision, enabling owners to understand the purpose and implications of the changes.
 - c. The committee actively participates in events aimed at informing owners about the proposed bylaws revisions.

Committee Authority:

4. The committee's authority is delegated to support the board's work without compromising board holism.
 - a. The committee has the authority to request administrative support, including employee resource time, for activities such as communicating with owners and facilitating owner voting on proposed revisions.
 - b. The committee is authorized to engage legal counsel when necessary to ensure compliance with legislation and legal requirements.
 - c. The committee chair is authorized to reasonably interpret this policy.

Committee Composition and Tenure:

5. The committee's composition is designed to enable effective and efficient functioning.
 - a. The board elects one board member to serve as the committee chair for a one-year term.
 - b. The chair, with the approval of the board, selects additional committee members based on their qualifications and expertise.
 - c. The committee disbands upon completion of its assigned tasks or as determined by the board, with the understanding that further work on bylaws may necessitate reestablishing the committee.

GP 10.5.2: Governance Committee

The Governance Committee supports the board in improving its processes and the effective implementation of Policy Governance.

Committee Responsibilities:

1. The committee actively contributes to the board's continuous improvement efforts.
 - a. The committee provides suggestions to enhance the board's workflow, strategic governance practices, and monitoring processes.
 - b. The committee develops drafts of new policies or policy revisions.
 - c. The committee identifies strategies to address any noncompliance issues with Governance Process and Board-General Manager policies.
 - d. The committee updates the policy manual and Board Handbook to reflect current board practices and policies.
 - e. When applicable, the committee presents the board with options for action items derived from reports from the board's governance consultant.
 - f. The committee ensures the execution of B-GM 3.4.1 and 3.4.2.

Committee Authority:

2. The committee's authority is delegated to support the board's work without compromising board holism.
 - a. The committee is authorized to request a reasonable amount of employee resource time for administrative support from an employee familiar with the board's operations. The committee excludes such an employee from its work when confidentiality requires, as determined by the committee members.
 - b. The committee may liaise with the board's governance consultant, if applicable, but cannot enter into or modify the consulting contract.
 - c. The committee may engage legal counsel for opinions and advice on matters related to board governance.
 - d. The committee chair has the authority to reasonably interpret this policy.

Committee Composition and Tenure:

3. The committee's composition is designed to facilitate effective and efficient functioning.
 - a. The board elects one board member to serve as the committee chair for a one-year term.
 - b. The chair, with the approval of the board, selects additional committee members based on their qualifications and expertise.

GP 10.5.3: Owner Linkage Committee

The Owner Linkage Committee assists the board in fulfilling its responsibility for linkage with owners, including the identification of potential board candidates.

Committee Responsibilities:

1. The committee develops and promotes owner engagement with the Co-op.
 - a. Owners are provided with opportunities to understand and achieve varying levels of engagement, including serving on the board.
 - b. The committee encourages owners to actively participate in board elections and consider running for board positions.
2. The committee develops and maintains a rolling three-year ownership linkage plan, subject to board approval, as outlined in GP 9 - Board Linkage with Owners.
 - a. The committee considers its ownership linkage successful when, to an increasing extent:
 - i. The board has access to diverse viewpoints that represent the ownership when developing or revising statements and policies.
 - ii. Owners are aware that the board values their perspectives and input.
 - iii. Owners have opportunities to communicate their views to the board.
 - iv. Owners are informed about how the board has utilized the information provided by them.

Committee Authority:

3. The committee's authority is delegated to support the board's work without compromising board holism.
 - a. The committee may request employee resource time for administrative support related to the implementation of the three-year ownership linkage plan.
 - b. The committee is authorized to allocate relevant funds outlined in the board-approved budget to fulfill its responsibilities.
 - c. The committee chair has the authority to reasonably interpret this policy and GP 9 - Board Linkage with Owners.

Committee Composition and Tenure:

4. The committee's composition is designed to ensure effective and efficient functioning.
 - a. The board elects one board member to serve as the committee chair for a one-year term.
 - b. The chair, with the approval of the board, selects additional committee members based on their qualifications and expertise.

GP 10.5.4: General Manager Search Committee

The General Manager Search Committee assists the board in hiring a new General Manager by organizing and overseeing a comprehensive process for soliciting applications, reviewing candidates, and facilitating interviews.

Committee Responsibilities:

1. The committee ensures an orderly and efficient search process for selecting a new General Manager.
 - a. The committee develops a list of competencies and expertise desired in the General Manager, incorporating input from the public, employees, and owners through engagement opportunities.
 - b. The committee implements a process that attracts and identifies qualified candidates for the board's consideration.
 - c. The committee provides opportunities for board discussions related to the hiring of the General Manager.

Committee Authority:

2. The committee's authority is delegated to support the board's work without compromising board holism.
 - a. The committee may seek consultation from industry professionals to enhance the search process.
 - b. The committee is authorized to solicit proposals from executive search firms and negotiate contract terms, subject to final approval by the board.
 - c. The committee has the authority to request a reasonable amount of employee resource time for administrative support.
 - d. The committee chair has the authority to reasonably interpret this policy.

Composition and Tenure:

5. The committee's composition is designed to ensure effective and efficient functioning.
 - a. The board elects one board member to serve as the committee chair.
 - b. The chair, with the approval of the board, selects additional committee members based on their qualifications and expertise. The committee consists of a minimum of five members, including board members, owners, and at least one employee board member (if elected), in alignment with the Co-op's Bylaws.
 - c. The committee disbands upon completion of its assigned tasks or as determined by the board.

GP 11 – Monitoring Board Performance

The board regularly monitors its Governance Process and Board-General Manager policies to ensure effective governance and organizational alignment.

GP 11.1: Monitoring teams are formed, comprising three board members. Every effort is made to ensure diversity within each team by including board members from different election year cohorts, encompassing both new and veteran board members.

GP 11.2: Monitoring teams presents their findings in written reports included in board meeting packets. The findings should address the following questions:

- Can the policy language be reasonably interpreted?
- Have the policy requirements been met, and what evidence supports this?
- Does the policy conflict with the organization's Vision, Values, and other policies?
- Are there any recommendations for changes to the policy?

GP 11.3: Recommendations for policy changes are automatically referred to the Governance Committee for review. The Governance Committee drafts suggested policy revisions, if any, and submit them along with the original recommendation via the board meeting packet for consideration by the board. The Governance Committee may refer relevant recommendations to other board committees or officers for consideration.

GP 11.4: The board establishes a monitoring schedule to ensure comprehensive and timely monitoring of policies.

Board-General Manager

Global: The board exercises control over operations by developing and monitoring policies that are binding on the General Manager and by ensuring compliance with the General Manager's Employment Agreement. The Board's interaction with operations, including operational conduct and achievement, is solely through the General Manager.

B-GM 1 – Unity of Control

Only decisions made by the board as a whole are binding on the General Manager. Accordingly,

B-GM 1.1: Decisions or instructions from individual board members, officers, or committees are not binding on the General Manager unless the board has explicitly authorized such exercises of authority.

B-GM 1.2: If board members or committees request information or assistance without board authorization, the General Manager may refuse such requests that, in the General Manager's opinion, require a significant amount of employee time or funds, or are disruptive.

B-GM 2 – Delegation to the General Manager

The board provides written policies to guide the General Manager in achieving the organizational Ends and specifying organizational situations and actions to be avoided. The General Manager is authorized to interpret these policies reasonably. Accordingly,

B-GM 2.1: The board develops Ends policies instructing the General Manager to achieve specific results for designated recipients at appropriate costs.

B-GM 2.2: The board develops Executive Limitations policies that define the boundaries within which the General Manager may operate.

B-GM 2.3: Within the boundaries of the board's Ends and Executive Limitations policies, the General Manager is authorized to establish further policies, make decisions, implement practices, and develop activities.

B-GM 2.4: The board may change its Ends and Executive Limitations policies, but the General Manager is only held responsible for meeting a policy during the time period in which that policy was in effect.

B-GM 3 – Monitoring General Manager Performance

The board systematically and rigorously monitors the General Manager's performance against expected job outputs, including organizational accomplishment of board policies on Ends and adherence to Executive Limitations policies. Accordingly,

B-GM 3.1: Monitoring aims to assess the degree of compliance with board policies. The General Manager defines metrics, sets standards, and provides data that demonstrate performance relative to those standards.

B-GM 3.2: The board may acquire monitoring data through one or more of the following methods:

- Internal reporting: The General Manager discloses compliance information to the board.
- External reporting: An external, independent third party selected by the board assesses compliance with board policies, such as a fiscal auditor.
- Direct board inspection: Designated board members assess compliance with the relevant policy criteria.

B-GM 3.3: The standard for compliance is any reasonable interpretation of the board policy being monitored as determined by the General Manager.

B-GM 3.4: The board establishes the frequency and method of monitoring for all policies that instruct the General Manager. The board may monitor any policy at any time by any method but typically follows a routine schedule.

B-GM 3.4.1: After monitoring a policy, the board seeks to answer the following questions:

- Can the policy language be reasonably interpreted?
- Does the policy conflict with the organization's Vision, Values, and other policies?
- Are there any recommendations for changes to the policy?

B-GM 3.4.2: Recommendations for changes to a policy are automatically referred to the Governance Committee for review.

B-GM 3.5: The board conducts a comprehensive annual review of the General Manager's performance based on a thorough analysis of monitoring reports received throughout the trailing 12 months, as well as in alignment with the provisions outlined in the General Manager's Employment Agreement.

Ends

Global

The Hanover Consumer Cooperative Society (Co-op) is central to a well-nourished community that:

E1: Has food and product access for all community members based on their needs and wants, including foods and products that are:

- Sourced or produced:
 - Locally,
 - Ethically,
 - Sustainably,
 - By businesses owned by underrepresented populations,
 - By businesses that value the well-being of their employees;
- Healthful; and
- Fairly priced.

E2: Has access to services that support all community members based on their needs, including transportation needs.

E3: Values a vibrant cooperative ecosystem.

Executive Limitations

Global

The General Manager shall not cause or allow any organizational conduct that is:

- A. unlawful,
- B. imprudent,
- C. unethical, or
- D. detrimental to the organization's reputation, good will, or public image as articulated by this policy book.

EL 1 – Financial Stability

The General Manager shall not cause or allow the financial stability of the organization to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the General Manager 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 1.1.1. Inadequate days of cash on hand.

EL 1.2: Net annual income inadequate to ensure the goals of the organization are achievable.

EL 1.3: Financial record-keeping systems that are inadequate or out of conformity with generally accepted accounting practices (GAAP).

EL 1.4: Financial reporting to the board which is less than quarterly or inadequate by means of excluding 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 – Asset Protection

The General Manager shall not cause or allow assets to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the General Manager shall not allow:

EL 2.1: Inadequate insurance coverage, including an annual comprehensive disclosure to the board.

EL 2.1.1: Inadequate liability insurance for board members.

EL 2.2: Premises or property that are inadequately:

- A. cleaned,
- B. maintained, or
- C. secured.

EL 2.3: Inadequate protection of sensitive or proprietary information.

EL 2.3.1: Inadequate non-disclosure agreements, as appropriate.

EL 2.4: Share redemptions in excess of \$10,000/month without board approval.

EL 3 – Operational Capacity

The General Manager shall not cause or allow operational capacity to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the General Manager shall not allow:

EL 3.1: Inadequate cooperation between departments and locations.

EL 3.2: Inadequate succession and retention planning for any job function.

EL 3.3: Employee policies that are:

- A. inadequate,
- B. inequitable,
- C. inconsistent, or
- D. inaccessible.

EL 3.3.1: Inadequate or infrequent employee engagement on clearly articulated expectations for employee:

- A. values,
- B. behaviors, and
- C. competencies.

EL 3.3.2: Inadequate grievance and whistleblowing policies.

EL 3.3.3: Inadequate communication with employees on the distinction between the board and operations, including board oversight of the General Manager and procedures for filing grievances with the board.

EL 3.4: Inadequate emergency planning and management.

EL 4 – Employee Well-Being

The General Manager shall not cause or allow employees' well-being to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the General Manager shall not allow:

EL 4.1: Inadequate or inequitable employee compensation and benefits.

EL 4.2: Inadequate or inequitable opportunities for employee development.

EL 4.3: Inadequate support for employees facing challenges that are:

- A. personal,
- B. professional, or
- C. systemic.

EL 4.4: Inadequate opportunities and incentives for community involvement, including volunteering.

EL 4.4.1: Inadequate opportunities and incentives for

- A. Participation in internal committees, or
- B. Process or systems improvement in any regular job function.

EL 4.4.2: Work schedule requirements or the loss of compensation to impede an employee's reasonable opportunity to participate in the respective local, state, or federal elections of their district of residence.

EL 4.5: Inadequate transparency with employees, including transparency regarding the relationship between operational performance and profit sharing.

EL 4.6: Inadequate understanding of employee climate and culture.

EL 5 – Community Engagement

The General Manager shall not cause or allow a culture of community engagement to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the General Manager shall not allow:

EL 5.1: Inadequate or infrequent employee, owner, or customer engagement on:

- A. our Vision and Values,
- B. cooperative principles and values, or
- C. our history and organizational structure.

EL 5.2: An employee, owner, or customer culture or atmosphere that is unwelcoming or inaccessible.

EL 5.2.1: Uninviting stores, including factors such as layout, lighting, and customer service.

EL 5.2.2: Inadequate diversity, equity, and inclusion.

EL 6.2.3: Facilities or communications that fail to meet or exceed Title II standards of the Americans With Disabilities Act.

EL 5.3: Operational conduct or results that may jeopardize any of the organization's giving programs.

EL 6 – Environmental Impact

The General Manager shall not cause or allow the positive environmental impact record of the organization to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the General Manager shall not allow:

EL 6.1: 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 6.2: Long-term environmental damage resulting from operations.

EL 6.2.1: Inadequate promotion of environmentally sustainable choices among employees, owners, customers, vendors, and suppliers.

EL 6.2.2: Waste diversion that accounts for less than 90% of the Co-op's total waste streams.

EL 6.2.3: Net positive greenhouse gas emissions beyond 2030.

EL 6.2.3.1: The prioritization of the purchase of carbon offsets versus direct investment in reducing Co-op emissions or soil sequestration / regenerative agriculture.

APPENDIX 1: Monitoring Schedule

1. **May**
 - a. Board: Review of 3-year Ownership Linkage Plan
2. **June - (4th Wednesday)**
 - a. Board:work session
3. **July**
 - a. Board: Budget Review
 - b. GM: EL Global
 - c. GM: EL 1 - Q2 Finances
4. **August**
 - a. Board: Monitoring Team A - GP Global, 1, 2, 3, 4, 11
 - b. GM: EL 2 - Asset Protection
 - c. GM: EL 3 - Operational Capacity
5. **September - Strategic Planning Retreat**
6. **October**
 - a. Board: Monitoring Team B - GP 5, 6, 7, 8 (Officers)
 - b. Board: Budget Review
 - c. GM: EL 1 - Q3 Finances
7. **November**
 - a. Board: Monitoring Team C - GP 9, 10 (Owner Linkage, Committees)
 - b. Board: Approval of next year's Board Budget
 - c. GM: EL 4 - Employee Well-Being
8. **December - No Regular Meeting**
9. **January**
 - a. GM: EL 5 - Community Engagement
 - b. GM: EL 6 - Environmental Impact
10. **February**
 - a. Board: Budget Review
 - b. GM: Ends
 - c. GM: EL 1 - Year-end Finances (fluctuates with audit)
 - d. Board: GM Performance Review
11. **March - No Regular Meeting**
12. **April**
 - a. Board: Monitoring Team D: B-GM Global, 1, 2, 3
 - b. Board: Budget Review
 - c. GM: EL 1 - Q1 Finances

APPENDIX 2: Monitoring Guidelines

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.
3. **Questions:** Directors are strongly encouraged to ask the General Manager questions about General Manager 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:** 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 OF THE HANOVER CONSUMER COOPERATIVE SOCIETY

REVISED MAY 1, 2024

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-Owners on a cooperative basis and to support and promote the cooperative movement.

SECTION 2.

Non-Member-Owners may purchase goods from the Cooperative, but a non-Member-Owner 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-Owner. A person, of eighteen (18) years of age, or an entity may become a Member-Owner of the Cooperative:

- a. Upon full payment for ten (10) shares of Class A Common Stock; or
- b. Upon being credited with patronage refunds sufficient to buy ten (10) shares of Class A Common Stock, 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 Member-Owners 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-Owner the person or entity shall cease to be a Member-Owner. A person or entity may be removed as a Member-Owner pursuant to NH RSA 301-A:20 or as otherwise allowed by law.

SECTION 4.

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

SECTION 5.

Constructive Consent of Member-Owners. Each person who hereafter applies for and is accepted as a Member-Owner of the Cooperative and each Member-Owner of this Cooperative on the effective date of this Bylaw, who continues as a Member-Owner 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-Owner from the Cooperative, will be taken into account by the person or Member-Owner 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-Owner.

SECTION 6.

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

ARTICLE IV: Rights of Member-Owners

SECTION 1.

Membership Control. The Member-Owners shall elect a Board of Directors to administer the affairs of the Cooperative. Through these Bylaws, the Member-Owners delegate to the Board of Directors certain powers and responsibilities but retain for the Member-Owners 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 (1) 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 (4) calendar months following the end of the immediately preceding fiscal year. In advance of the Cooperative'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 Member-Owners, 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-Owner shall have an equal right to participate in Membership meetings, to have one (1) 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 for an enactment or amendment of the Bylaws or the Certificate of Organization, as well as any decision of the Board authorizing a borrowing transaction (or related series of borrowing transactions) from a non-Member-Owner lender of a sum in excess of four percent (4%) of the average of the prior three (3) years' annual net sales revenue—net of discounts and allowances—for the Cooperative, provided that Membership approval shall not be required if (i) such borrowing transaction constitutes the refinancing or restructuring of all or a substantial portion of an existing debt obligation of the Cooperative or (ii) the Board reasonably determines that such borrowing transaction is necessary to avoid significant and immediate business interruption to the Cooperative or that the delay in seeking Membership approval would jeopardize the financial viability of the Cooperative.

SECTION 6.

Board Candidacy. Any Member-Owner who meets the qualifications noted in Article V of these Bylaws and the legal requirements of the states in which the Cooperative's operations exist may seek to be a candidate for the Board of Directors.

SECTION 7.

Voting. Decisions to be made by the Member-Owners, 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 (3) and thirty (30) days as determined by the Board. Each Member-Owner shall have one (1) vote and only one (1) 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 Member-Owners to vote. Voting by proxy is prohibited. Notice of the voting shall be sent to each Member-Owner via the last known electronic or postal address at least ten (10) days prior to the meeting and as required by law.

SECTION 9.

Quorum. In order for any election of Directors or voting by Member-Owners on other matters to have effect, valid ballots from at least five hundred (500) Member-Owners, as certified by the Board, must be received by the end of the voting period ("a quorum"). In the event that a quorum is not achieved, no votes or actions on substantive matters shall be valid, though procedural actions may be taken. The President or other presiding officer shall declare the meeting closed. The Board shall call a special meeting to be commenced on a date no more than forty-five (45) days from the close of a meeting lacking a quorum, to take up the agenda items of the closed meeting. This process may be repeated at the

discretion of the Board until a quorum is established. Directors whose seats were up for election shall remain seated until replaced by duly elected Directors. Should a vacancy occur before a successor Director is duly elected and qualified, the Board shall have the right to fill such a vacancy by appointment as per Article V, Section 7.

SECTION 10.

Access to Information. The Cooperative shall make its Annual Report available to the Member-Owners at its annual meeting as provided by NH RSA 301-A:31. Upon request, a Member-Owner shall have access to the books and records of the Cooperative to the extent 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) Member-Owners of the Cooperative, each of whom shall be at least twenty-one (21) 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 (4) Directors expire at the start of the first regular Board meeting following the election of Directors at which their successor is qualified to take office.

SECTION 2.

Term Limits. Consecutive three-year terms for any Director shall be limited to two (2).

SECTION 3.

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 4.

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

SECTION 5.

Employees as Directors. Provided they are also Member-Owners of the Cooperative, are duly elected or appointed, and do not report directly to the Board or the General Manager, a maximum of three (3) employees of the Cooperative may serve on the Board of Directors. No employee Director shall be eligible to serve as an Officer of the Board. No employee Director shall participate in the evaluation of the General Manager or in the determination of the General Manager's compensation or benefits, nor shall they participate in that portion of executive sessions that involve personnel matters, except regarding the selection of the General Manager as provided below. Employee Directors may participate in executive sessions that do not involve personnel matters at the discretion of a majority of the non-employee Directors present and voting. Employee Directors may participate in the selection of a General Manager but may not participate in the determination of the General Manager's compensation or benefits.

SECTION 6.

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 and with the Board's written policies governing Board process. If a majority of the full Board determines that any Director is not properly discharging their duties to the Cooperative, the Director may be removed from the Board of Directors by a vote of the Co-op's membership at a duly called meeting or by judicial action (NH RSA 293-A:8).

SECTION 7.

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

SECTION 8.

Regular Meetings. Regular meetings of the Board, on the call of the President and with due notice to the Directors and Member-Owners, shall be held at least quarterly. A simple majority of the fixed number of Directors required in these Bylaws shall constitute a quorum. Any Member-Owner of the Cooperative may attend any meeting of the Board of Directors and may, upon invitation of the presiding officer, participate in its discussions.

SECTION 9.

Executive Sessions. The Board may conduct an executive session, closed to all but the Board and its invitees, upon a vote of two-thirds (2/3) 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 10.

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. Remote participation by a director or directors is allowed, provided that the director is able to cast a vote remotely.

SECTION 11.

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 (2) days' notice to all Directors, specifying the matters to be discussed.

SECTION 12.

Selection of the General Manager. The Board shall select the General Manager who shall report to the Board and conduct the day-to-day business of the Cooperative. As the General Manager is an employee of the Cooperative, they shall be eligible to participate in all employee benefits and shall be subject to all employee and board policies. If there are conflicting policies, the board policy shall prevail.

SECTION 13.

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

SECTION 14.

Annual Audit. The Board shall engage a certified public accounting firm to conduct an annual audit of the financial records of the Cooperative to ascertain whether they conform to Generally Accepted Accounting Principles.

SECTION 15.

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, Executive Committee, 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 on 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 of the Board of Directors and shall 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, shall present reports at such meetings as requested by the Board, and shall sign with the President all certificates of stock.

SECTION 5.

Executive Committee. The Executive Committee, consisting of the President, the Vice President, the Treasurer, and the Secretary, may act on current business of the Cooperative in emergency situations when it is impossible to convene a quorum of the Board within the two-day notice period as required in Article V, Section 11. All decisions of the Executive Committee shall be reported to the Board no later than at the next Board meeting and shall be subject to the approval of the Board as a whole.

SECTION 6.

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 7.

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 (2) 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-Owner of the Cooperative.
- b. Class B shares, which shall likewise have a par value of five (5) dollars, are shares issued only to Member-Owners as patronage refunds in lieu of cash payments. Class B shares may or may not have a fixed maturity date.
- c. 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.
- d. 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 ten (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-Owner desiring to withdraw from Membership must inform the Cooperative in writing and tender for redemption all shares owned by the Member-Owner. 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 sixty (60) days of the tender, purchase all or any part of the holdings tendered, the Member-Owner 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 Member-Owners at their first regular or special meeting thereafter, and the action of the meeting shall be final. A vote of the majority of the Member-Owners 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-Owner in excess of the amount required for Membership.
- e. When a Member-Owner dies or, in the case of an organization, ceases to exist, or when a Member-Owner makes no purchases from the Cooperative for a period of three years, the Board of Directors may redeem shares owned by such Member-Owner 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.
- g. The Board of Directors may delegate to the General Manager authority for the General Manager to authorize and effectuate redemption of shares in the Cooperative up to the maximum aggregate monetary value of \$10,000 per month.

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 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-Owner or any subscriber to share capital for debts owned by said Member-Owner 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 Member-Owners, 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 thirty percent (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 Member-Owners 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 eighty percent (80%) of an annual patronage refund shall be distributed to Member-Owners in the form of Class B shares or other written notice of allocation.

SECTION 4.

A non-Member-Owner patron shall receive patronage refunds only in the form of Class A shares until such non-Member-Owner patron owns at least ten (10) 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 Member-Owners voting as set forth in Article IV Section 7 of the Bylaws.