CALEDONIA FOOD CO-OP

POLICY REGISTER

CONTENTS

Ends	A – Ends
Executive Limitations	B – Global Executive Constraint B1 – Financial Condition and Activities B2 – Planning and Financial Budgeting B3 – Asset Protection B4 – Membership B5 – Customer Experience B6 – Staff Treatment and Compensation B7 – Communication to the Board B8 – Board Logistical Support B9 – Emergency GM Succession
Board Process	C – Global Governance Commitment C1 – Governing Style C2 – The Board's Job C3 – Agenda Planning C4 – Board Meetings C5 – Directors' Code of Conduct C6 – Officers' Roles C7 – Board Committee Principles C8 – Governance Investment
Board-Management Relationship	D – Global Board-Management Connection D1 - Unity of Control D2 – Accountability of the GM D3 – Delegation to the GM D4 – Evaluating the GM D5 – Compensating the GM
Appendices	Bylaws Board Annual Calendar and Monitoring Schedule Committee Charters

Policy Type: Ends

Policy Title: A – Ends

Last Revised: August 4, 2026

The Caledonia Food Cooperative exists so that people in our community will have:

- A retail grocery store that is welcoming to all
- Access to culturally diverse, healthy, local, and ethically sourced food and other products
- A resilient and sustainable local food system
- Education about nutrition, healthy living, and local food systems
- A vibrant and vital downtown St Johnsbury
- A thriving local economy

Policy Type:	Executive Limitations
Policy Title:	B – Global Executive Constraint
Last Revised:	August 4, 2026

The General Manager must not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, oppressive, unjust, imprudent, or contrary to the Cooperative Principles.

Policy Type:	Executive Limitations
Policy Title:	B1 – Financial Condition and Activities
Last revised:	August 4, 2026

With respect to the actual, ongoing financial conditions and activities, the General Manager must not cause or allow the Cooperative to be unprepared for future opportunities, the development of fiscal jeopardy, or key operational indicators to be below our annual budget projections.

The GM must not:

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate EBITDA (earnings before interest, taxes, depreciation, and amortization), and net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner paid-in equity to be insufficient.
6. Default on any terms that are part of the Cooperative's financial obligations.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Repurchase preferred shares or pay dividends on those shares except when the Board specifically decides to take those actions.
10. Acquire, encumber or dispose of real estate or enter into long-term real estate leases.
11. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
12. Allow financial record keeping systems and financial controls to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

Policy Type:	Executive Limitations
Policy Title:	B2 –Planning and Financial Budgeting
Last revised:	August 4, 2026

The General Manager must not operate without annual and multi-year plans and budgets that address intentional and improved Ends accomplishment, and strengthening operations.

The GM must not:

1. Create plans or budgets that
    a. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”
    b. Omit planning assumptions.
    c. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and debt service.
    d. Do not include a schedule (and rationale) for the repurchase of preferred shares and payment of dividends.
    e. Do not pursue excellence in business systems and operations.
    f. Have not been tested for feasibility.
2. Provide less for Board prerogatives during the year than is set forth in the board budget.

Policy Type:	Executive Limitations
Policy Title:	B3 – Asset Protection
Last revised:	August 4, 2026

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

The GM must not:

1. Allow inadequate insurance for facilities, equipment, and business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property.
5. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
    a. Allow improper usage of member-owners' and customers' personal information.
6. Allow purchasing that is uncontrolled or subject to conflicts of interest.
7. Allow lack of due diligence in contracts.
8. Allow damage to the Cooperative's public image.
    a. Operate without a crisis communications plan that includes communication protocols for the board.

Policy Type:	Executive Limitations
Policy Title:	B4 – Membership
Last Revised:	August 4, 2026

The General Manager must not allow member-owners to be without opportunities for meaningful participation.

The GM must not:

1. Allow member-owners to be uninformed or misinformed of their benefits, rights, and responsibilities.
2. Allow any individual to become a member-owner unless that individual meets the eligibility requirements described in our Bylaws, and pays the required $100 membership equity (or begins an equity payment plan).
3. Create or implement a member-owner equity system without the following qualities:
    a. Member-owners are informed that membership equity investments are a) at risk, and b) generally refundable, though the Board retains the right to withhold refunds when necessary to protect the Cooperative's financial viability.
    b. Equity will not be refunded if such refunds would lead to a net decrease in total member-owner paid-in equity at the end of any reporting period, or would risk, cause or exacerbate non-compliance with any Financial Condition policy.
4. Implement a patronage dividend system that does not
    a. Comply with IRS regulations.
    b. Allow the Board to examine a range of options and implications, so the Board can make a timely determination each year concerning how much, if any, of the Cooperative's net profit will be allocated and distributed to member-owners.
5. Allow a member benefits program that doesn't offer value.

Policy Type:	Executive Limitations
Policy Title:	B5 – Customer Experience
Last Revised:	August 4, 2026

The General Manager must not be unresponsive to customer needs.

The GM must not:

1. Allow a customer experience that is not welcoming and inclusive.
2. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints, and suggestions.
3. Allow an unsafe shopping experience for our customers.
4. Operate without written policies for handling customer misconduct that include an appropriate range of responses.

Policy Type:	Executive Limitations
Policy Title:	B6 - Staff Treatment and Compensation
Last revised:	August 4, 2026

The General Manager must not treat staff in any way that is unjust, unsafe, or unclear.

The GM must not:

1. Cause or allow inequitable treatment of applicants and/or employees in regard to race, sex, identity, national origin, primary language, cultural fit, ability, or other factors unrelated to job qualifications and job performance.
2. Operate without policies and practices that attract and retain staff that reflect the diversity of our community.
3. Allow staff to be without training that supports justice and equity.
4. Operate without written personnel policies that:
    a. Clarify rules for staff.
    b. Provide for fair and thorough handling of workplace conflicts. The board should not be included as a participant in the conflict resolution process.
    c. Support employees in reporting unethical or illegal behavior.
    d. Inform staff that employment is neither permanent nor guaranteed.
    e. Are accessible to all staff.
    f. Are applied consistently.
5. Discourage or prevent any employee from reporting unethical or illegal activity to the board, or discriminate or retaliate against any employee for reporting unethical or illegal behavior or activity.
6. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
7. Establish compensation and benefits that are internally inequitable and not competitive in our market.
8. Change the GM's own compensation and benefits, except as those benefits are consistent with a package for all other employees.

Policy Type:	Executive Limitations
Policy Title:	B7 – Communication to the Board
Last Revised:	August 4, 2026

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

The GM must not

1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions (metrics and benchmarks) and verifiable data directly related to each section of the policy.
2. Report in an untimely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
3. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes.
4. Withhold from the Board relevant information from or about key partners, including INFRA member agreements.
5. Withhold an opinion if the GM believes the Board is not in compliance with its own policies on Board Process and Board-Management Relationship, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
6. Deal with the Board in a way that favors or privileges certain directors over others except when responding to officers or committees duly charged by the Board.

Policy Type:	Executive Limitations
Policy Title:	B8 –Board Logistical Support
Last Revised:	August 4, 2026

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

The GM must not:

1. Provide the Board with insufficient staff administration to support governance activities and Board communication.
2. Allow the board to be without a workable mechanism for official board, officer or committee communications.
3. Allow directors to be without a current copy of the Policy Register and the Bylaws.
4. Provide inadequate information and notice to member-owners concerning Board actions, meetings, activities and events.
5. Allow insufficient or inaccessible archiving of board documents.

Policy Type:	Executive Limitations
Policy Title:	B9 – Emergency GM Succession
Last revised:	August 4, 2026

To protect the Cooperative from sudden loss of GM services, the GM must not have less than one other manager sufficiently familiar with GM responsibilities and Board processes to enable them to take over with reasonable proficiency as an interim successor.

Policy Type:	Board Process
Policy Title:	C – Global Governance Commitment
Last Revised:	August 4, 2026

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

Policy Type:	Board Process
Policy Title:	C1 – Governing Style
Last Revised:	August 4, 2026

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

1. Be a strategic leader by developing insight and foresight to set direction and facilitate movement in that direction.
2. Ensure effective systems of delegating authority to professional management, holding the use of that power accountable, and clearly distinguishing between board and management responsibilities.
3. Work as a team.
4. Maintain discipline, embrace responsibility, and exercise group authority.
5. Practice the habits of a successful democracy.
6. Maintain a commitment to diversity, equity, and inclusion.
7. Seek, encourage and listen to people with a variety of demographic characteristics and diverse perspectives.
8. Use Policy Governance® as our operating system, guiding the work of the board and the General Manager through written policies.
9. Obey all relevant laws and bylaws.

Policy Type:	Board Process
Policy Title:	C2 – The Board's Job
Last Revised:	August 4, 2026

The role of the Board is to represent our member-owners, to direct and inspire the cooperative, and to ensure appropriate performance. In order to govern successfully, we will:

1. Practice, protect, promote, and perpetuate a healthy democracy for our Cooperative.
    a. Establish and maintain communication with member-owners, educating ourselves on diverse needs and perspectives, and reporting on the Board's activities and decisions.
2. Hire, set compensation for, delegate responsibility to, and hold accountable a General Manager.
3. Assign responsibility through written policies in a way that honors our commitment to empowerment and clear distinction of roles.
4. Regularly and rigorously monitor the General Manager's performance in the areas of Ends and Executive Limitations.
5. Regularly and rigorously evaluate our Board performance in comparison to our agreements as written in Board Process and Board-Management Relationship policies.
6. Perpetuate the Board's leadership capacity using: a robust recruitment, qualification, and nomination process; thoughtful appointments; fair elections; and ongoing education and training.
    a. We will have a strategic year-round recruitment and screening process.
    b. We will commit to diversity, equity and inclusion.
    c. We will provide excellent orientations to potential candidates and newly elected or appointed directors.
7. Perform other duties as required by the bylaws or because of limitations on GM authority.

Policy Type:	Board Process
Policy Title:	C3 – Agenda Planning
Last Revised:	August 4, 2026

We will follow a strategic work plan and annual agenda that focuses our attention toward the future and away from operational details.

1. We will maintain an annual calendar that includes tasks and events related to our work plan, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
2. Board meeting agendas will be determined by the Board Chair, and may be modified at the meeting by a majority vote of the Board.

Policy Type:	Board Process
Policy Title:	C4 – Board Meetings
Last Revised:	August 4, 2026

We will use our Board meetings as a valuable and primary tool for getting the Board's job done.

1. We will use Board meeting time only for work that is the whole Board's responsibility, avoiding topics that are not the best use of our time.
2. Meetings will be open to the membership except when executive session is officially called.
    a. We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
3. We will seek agreement through discussion. We will then finalize and document decisions through the use of motions, seconds and majority vote.
4. If we must make a decision outside of a regular meeting, we will follow our bylaws, include everyone, and ensure that it is properly documented.

Policy Type:	Board Process start here
Policy Title:	C5 – Directors' Code of Conduct
Last Revised:	August 4, 2026

We each commit ourselves to ethical, responsible and lawful conduct.

1. Every director is responsible at all times for acting in good faith, in a manner which they reasonably believe to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the Cooperative. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member-owner.
    a. There will be no self-dealing or any conduct of private business or personal services between any director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to inside information.
    b. Every year, every director will complete the Code of Conduct Agreement form and will verbally report to the whole board all actual and potential conflicts. Every director will immediately report any subsequent actual or potential conflicts to the whole board.
    c. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director must abstain from the conversation and the vote.
    d. A director who applies for employment at the Cooperative must first resign from the Board.
3. Directors may not attempt to exercise individual authority over the organization.
    a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
    b. When interacting with the public, the press, or other entities, or on social media, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
4. Directors will not exhibit violent, oppressive or racist behaviors or speech.
5. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
6. Directors will use electronic communications in a manner consistent with this policy and the responsibilities of a board member.
7. Directors will prepare for, attend, and participate fully in all Board meetings, retreats, and trainings.
8. Directors will support the legitimacy and authority of the Board's decision on any matter, irrespective of the director's personal position on the issue.

9. Any director who does not follow the code of conduct policy can be removed from the Board by a 2/3 majority vote of the remaining Board.

Policy Type:	Board Process
Policy Title:	C6 – Officers' Roles
Last Revised:	August 4, 2026

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

1. No officer has any individual authority to supervise or direct the GM.
2. Officers may delegate their authority but remain accountable for its use.
3. The Chair ensures the Board functions well and in accord with our policy agreements.
    a. The Chair is authorized to make decisions that are consistent with Board Process and Board-Management Relationship policies in order to facilitate the Board's functioning.
    b. The Chair will chair and set the agenda for Board meetings.
    c. The Chair is the point person for the relationship between the Board and General Manager between meetings.
    d. The Chair plans for leadership (officer) perpetuation.
    e. The Chair may represent the Board to outside parties.
4. The vice-Chair will perform the duties of the Chair if the Chair is unable to do so.
5. The treasurer is responsible for supporting the board in all finance-related board work.
    a. The treasurer will lead the Board's process for creating and monitoring the Board's (not the Cooperative's) budget.
    b. The treasurer will facilitate the Board's understanding of the financial condition of the Cooperative.
6. The secretary will make sure the Board's documents are accurate, up to date, and appropriately maintained.
    a. Board documents include: the policy register, meeting minutes, monitoring report summary, annual calendar, and committee charters.

Policy Type:	Board Process
Policy Title:	C7 – Board Committee Principles
Last Revised:	August 4, 2026

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

1. Committees will reinforce and support Board holism.
    a. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. Only the Board has authority to appoint committee members.
4. We will establish, regularly review and control committee responsibilities in written committee charters.
    a. Charters must be approved by the Board.
    b. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

Policy Type:	Board Process
Policy Title:	C8 – Governance Investment
Last Revised:	August 4, 2026

We will invest in the Board's governance skills, methods, and support to allow us to govern with excellence.

1. We will use the Cooperative's resources prudently and strategically.
    a. We will use training and retraining liberally to orient new directors and board candidates, as well as to maintain and increase existing directors' skills and understanding.
    b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
    c. We will use outreach mechanisms as needed to ensure our ability to listen to member-owner viewpoints and values.
    d. We will use professional and administrative support.
    e. In establishing Board compensation, we will
        i. Link compensation to the work requirements of the various roles
        ii. Consider equity in discussions about compensation
        iii. Keep our member-owners informed
2. We will develop the Board's annual budget in a timely way so as to not interfere with the development of the Cooperative's annual budget. We will complete this work no later than [*month*].

Policy Type:	Board-Management Relationship
Policy Title:	D – Global Board-Management Connection
Last Revised:	August 4, 2026

The Board has hired the General Manager to operate the business. We will be an excellent employer to the GM as our sole employee, cultivating a relationship rooted in equity, respect and mutual support. In delegating authority to the GM, we acknowledge the GM's expertise, and we will work collaboratively and transparently with the GM in addressing any issues as they arise.

Policy Type:	Board-Management Relationship
Policy Title:	D1 – Unity of Control
Last Revised:	August 4, 2026

Only official decisions and policies of the Board are binding on the GM.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized this power.
2. In the case of directors or committees requesting information or assistance without Board authorization, the GM can refuse any requests that, in the GM's opinion, may disrupt operations or that require too much staff time or resources.

Policy Type:	Board-Management Relationship
Policy Title:	D2 – Accountability of the GM
Last Revised:	August 4, 2026

The General Manager is accountable for achieving the Ends and operating the organization within the Executive Limitations.

1. We will view organizational accomplishment of Ends and organizational operation within Executive Limitations as successful GM performance.
2. We will not instruct or evaluate any employee other than the GM.

Policy Type:	Board-Management Relationship
Policy Title:	D3 – Delegation to the GM
Last Revised:	August 4, 2026

The Board delegates authority to the GM through written Ends and Executive Limitations policies.

1. As long as the GM uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices and plans for the cooperative.
2. We will respect and accept the GM's choices as long as those choices are based on reasonable interpretations of Board policies.
3. If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.

Policy Type:	Board-Management Relationship
Policy Title:	D4 – Evaluating the GM
Last Revised:	August 4, 2026

The Board will systematically and rigorously monitor and evaluate the GM's job performance compared to expectations set forth in Board policies.

1. The Board's policy monitoring process is the foundation of our annual evaluation of the GM.
    a. In [*month*] of each year the Board will review a summary of the monitoring reports received during the previous 12 months.
    b. The Board will invite the GM into a conversation to share other relevant information and clarifications.
    c. Based on the review of reports and the conversation, the Board will present an evaluation letter to the GM. That letter will constitute our full evaluation, and it will be delivered no later than [*date*].
2. We will acquire monitoring information by one or more of three methods: (a) most commonly by internal report, in which the GM discloses policy interpretations and compliance information to the Board; (b) occasionally by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (c) rarely by direct Board inspection, in which a designated director or committee assesses compliance with the policy.
3. We will accept that the GM is compliant with a policy if the monitoring report includes a reasonable interpretation, including clear metrics and benchmarks, and adequate data that demonstrate accomplishment of that interpretation.
    a. The Board's standard for compliance with a policy will be any reasonable interpretation by the GM. The GM's interpretation does not need to be an interpretation that is favored by individual directors or by the Board as a whole.
4. In evaluating non-compliance, we will consider the severity, implications, and trends, as well as the GM's explanation and plan to achieve compliance.
5. We will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board Annual Calendar.

Policy Type:	Board-Management Relationship
Policy Title:	D5 – Compensating the GM
Last Revised:	August 4, 2026

The Board will compensate the General Manager in a way that honors their value to the cooperative and demonstrates our commitment to equitable treatment.

1. We will establish a compensation package that is equitable, competitive in our market, and sustainable for the cooperative.

2. We will use a strategic process to establish the value of the GM's compensation, and we will complete this process in a timely manner.