

Keweenaw Cooperative Combine Executive Limitation (EL) Policies
as of April 12, 2023

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Policy Type: Executive Limitations
Policy Title: EL1 – Financial Condition and Activities
Last revised: April 12, 2023

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 unsatisfactory according to guidelines established by National Co+op Grocers (NCG).

The GM must not:

1. Fail to successfully achieve all essential financial and timeline projections in the Project Pro-forma, for both the construction project and current store operations.
2. Fail to maintain sufficient financial strength to enable the Co-op to fully complete the construction project and successfully launch the new store.
3. Default on any terms that are part of the Cooperative's financial obligations.
4. Allow late payment of contracts, payroll, loans or other financial obligations.
5. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
6. Acquire, encumber or dispose of real estate or enter into long-term real estate leases.
7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
8. Use restricted funds for any purpose other than that required by the restriction.
9. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).
 - a. The GM shall not fail to have in place a policy that provides a consistent and accurate method of accounting for capital assets.

Policy Type: Executive Limitations
Policy Title: EL2 – Business Planning and Financial Budgeting
Last revised: September 13, 2017

The General Manager must not operate without annual and multi-year budgets and plans that address intentional and improved Ends accomplishment along with avoidance of fiscal jeopardy.

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 credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions..
 - c. 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: EL3 – Asset Protection

Last revised: June 9, 2021

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

The GM will not:

1. Allow equipment and facilities to be inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Fail to keep cash deposits fully insured, with limited and reasonable exceptions.
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. The GM shall not fail to have in place a policy that sets guidelines for record retention, protection and destruction.
6. Allow improper usage of owners' and customers' personal information.
7. Allow purchasing that is uncontrolled or subject to conflicts of interest.
8. Allow lack of due diligence in contracts.
9. Allow damage to the KCI's public image.

Policy Type: Executive Limitations

Policy Title: EL4 – Owner Rights and Responsibilities

Last Revised: September 1, 2013

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

The GM will not:

1. Create or implement a owner equity system without the following qualities:
 - a. The required owner equity, or fair share, is determined by the Board.
 - b. Owners are informed that equity investments are a) at risk, and b) generally refundable.
 - c. The Board retains the right to withhold refunds when necessary to protect the Cooperative's financial viability.
2. Implement a patronage refund system that does not
 - a. Comply with IRS regulations.
 - b. Allow the Board to examine a range of options and implications, so the Board can make a timely determination each year concerning how much, if any, of the Cooperative's net profit will be allocated and distributed to owners.

Policy Type: **Executive Limitations**

Policy Title: **EL5 – Treatment of Customers**

Last Revised: August 12, 2013

The General Manager shall not be unresponsive to customer needs.

The GM will not:

1. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
2. Allow an unsafe shopping experience.

Policy Type: Executive Limitations

Policy Title: EL6 - Staff Treatment and Compensation

Last revised: August 12, 2013

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

The GM will not:

1. Operate without written personnel policies that:
 - a. Clarify rules for staff.
 - b. Provide for fair and thorough handling of grievances in a way that does not include the board as a participant in the grievance process.
 - c. Are accessible to all staff.
 - d. Inform staff that employment is neither permanent nor guaranteed.
2. Cause or allow personnel policies to be inconsistently applied.
3. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
4. Establish compensation and benefits that are internally or externally inequitable.
5. Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

Policy Type: Executive Limitations
Policy Title: EL7 – Communication to the Board
Last Revised: August 12, 2013

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

The GM will not

1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy.
2. Report any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance, in an untimely manner.
3. Allow the Board to be unaware of relevant: legal actions, media coverage, trends, public events of KCI, or internal and external changes.
4. Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
5. Deal with the Board in a way that favors or privileges certain Board Directors over others except when responding to officers or committees duly charged by the Board.
6. Fail to supply for the Board's consent agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.

Policy Type: Executive Limitations

Policy Title: EL8 –Board Logistical Support

Last Revised: August 12, 2013

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

The GM will not:

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

Policy Type: Executive Limitations

Policy Title: EL9 – Emergency GM Succession

Last revised: August 12, 2013

The GM shall not have less than one other manager sufficiently familiar with Board and GM issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.

Policy Type: Executive Limitations

Policy Title: EL10 – Social Media

Last revised: September 18, 2018

The General Manager shall not allow the use of multiple social media outlets in a way that countervail KCI values, and hinders KCI activities, events, and groups KCI supports.

The GM will not:

1. Limit social media access to owners and the public a way that prohibits interaction with the KCI.
2. Allow social media:
 - a. messages to be responded to delinquently.
 - b. to be discriminatory.
 - c. outreach to be reactive and/or untimely.
3. Allow a majority of social media posts to contain non-visual content.