**Co-op Power**

***GOVERNANCE PROCESS POLICY #1***

**GLOBAL GOVERNANCE COMMITMENT**

The Board as a group, and as individuals, acts as trustees on behalf of the members’ ownership interest in the cooperative.

Accordingly,

1. They must see to it that Co-op Power achieves appropriate ends at an appropriate cost and avoids unacceptable actions and situations.
2. Although board member will be drawn from member categories and segments, which are customers of the cooperative as well as owners, Board members must distinguish and serve those interests that are related to the role of owners, not that of customers.

a. Members as owners have a right to determine and delegate the purpose and due cost of the cooperative.

b. Members as customers are of direct relevance to governance only in that the Board must decide on the benefits to be provided and ascertain that they are indeed received.

1. Board member’s ethical obligation is to serve the interests of the entire ownership, moral and legal, not specifically the segment of the ownership from which they are selected.

a. Appropriate broad-based input from members must be sought and assimilated.

b. The full range of members’ views as to purpose and cost of the cooperative must be incorporated into Board deliberation, not just those points of view held personally by Board members.

1. Board member’s will use the following criteria as they make decisions, in this priority order:
2. The decision will meet the needs of the cooperative’s member owners.
3. The decision will fairly treat workers in the company.
4. The decision will allow the cooperative to continue.
5. The decision will fairly treat members, customers and suppliers of the company.
6. The decision will do no harm to the local community.
7. The decision will protect the environment, minimizing or eliminating harm done in the production, distribution or use of our products and services.
8. The decision will provide quality jobs for the workers in our company.
9. The decision will enhance the environment, minimizing or eliminating harm done as people use energy in our region.
10. The decision will enhance the local community.

**Co-op Power**

***GOVERNANCE PROCESS POLICY #2***

**GOVERNING STYLE**

The board will govern with an emphasis on the following:

1. Outward vision rather than internal preoccupation
2. Encouragement of diversity in viewpoints
3. Strategic leadership rather than administrative detail
4. Clear distinction of board and chief executive roles
5. Collective rather than individual decisions
6. Present and future rather than past
7. Proactively rather than reactivity.

Accordingly,

1. The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will use the expertise of individual members to enhance the ability of the board as a body rather than to rely on individual judgments as a substitute for the boards’ judgment. The board will allow no officer, individual, or committee of the board to hinder or be an excuse for not fulfilling board commitments.
2. The board will direct, control, and inspire the cooperative through the careful establishment of broad written policies reflecting the board's values and perspectives about ends to be achieved and means to be avoided. The board's major policy focus will be on the intended long-term effects outside the cooperative, not on the administrative or programmatic means of attaining those effects.
3. The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policy-making principles, respect of roles, and ensuring continuance of governance capability. Continual board development will include orientation of new board members in the board's governance process and periodic board discussion of process improvement.
4. The board will monitor and discuss the board's process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-CEO Linkage categories.
5. The board will have an odd number of members; counting between 5 and 9.
6. Board members who miss 2 meetings in a row will be contacted to inquire of their ability to continue board service. Board members missing 3 meetings in a year will be dismissed from the Board.
7. The Board’s sole official connection to the operational aspects of the cooperative, its achievements, and conduct will be through the CEO.

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***GOVERNANCE PROCESS POLICY #3***

# BOARD JOB PRODUCTS

The job of the board is to represent the owners of the cooperative in determining and demanding appropriate organizational outcomes and activities. The Board will LEAD - Link with owners, Enact written policies, Assure CEO performance, and Design the future.

Accordingly,

l. The board will create and sustain the link between the cooperative and the owners.

2. The board will provide written governing policies that, at the broadest levels, address each category of organizational decision.

1. *Ends:* Organizational products, effects, benefits, out-comes, recipients, and their relative worth (what good for which recipients at what cost).
2. *Executive Limitations:* Constraints on the authority of the CEO that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
3. *Governance Process:* Specification of how the board conceives, carries out, and monitors its own tasks.
4. *Board-CEO Linkage:* How power is delegated and monitored and the CEO’s role, authority and accountability.

3. The board will monitor the CEO’s performance to determine if the activities of the cooperative are focused on meeting the Ends Policies and not violating the Executive Limitation Policies.

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***GOVERNANCE PROCESS POLICY #4***

### **AGENDA PLANNING**

To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda that

1.) Completes re-exploration of Ends policies annually

2.) Continually improves board performance through board education and enriched input and deliberation.

Accordingly,

1. The cycle will conclude each year on the last day of December so that administrative planning and budgeting can be based on accomplishing a one-year segment of the board's most recent statement of long-term Ends.
2. The cycle will start with the board's development of its regular meeting schedule and the agenda for the next year.

a. Governance education and education related to Ends determination (for example, presentations by other community boards, futurists, demographers, advocacy groups, and staff) will be arranged in the first quarter, to be held during the balance of the year.

1. The board is the sole authority over its own agenda. The chair will exercise this control on behalf of the board, but a majority vote of the board may add or delete items from the agenda.
2. Agenda content: Only issues within the Board’s responsibilities will consume board time. That is, the board will focus on the products expected of it by its owners and will screen issues using the criteria of:
3. identification of the policy category of the issue (e.g. Ends, Executive Limitations, Board-CEO Linkage, Governance Process)
4. identification of responsibility for the issue (Board or CEO)
5. identification of previous Board action on this topic (e.g. what is the content and level of the existing policy)
6. determination of need for Board action
7. The board will attend to quick consent agenda items as expeditiously as possible.
8. CEO monitoring will be included on the agenda if monitoring reports show policy violations or if policy criteria are to be debated.
9. CEO remuneration will be decided after a review of monitoring reports received in the last year during the month of February.

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***GOVERNANCE PROCESS POLICY #5***

### **CHAIRPERSON'S ROLE**

The chairperson assures the integrity of the board's process and, secondarily, occasionally represents the board to outside parties.

Accordingly,

1. The job result of the chairperson is that the board behaves consistently with its own values and standards and those required from outside the cooperative.
2. Meeting discussion content will be only those issues identified in policy #4.
3. Deliberation will be fair, open, and thorough but also timely, orderly, and kept to the point.
4. Meetings will attempt to discover the group wisdom through members listening carefully and with respect to each other.
5. The authority of the chairperson consists in making decisions that fall within topics covered by board policies on Governance Process and Board-CEO Linkage, except where the board specifically delegates portions of this authority to others. The chairperson is authorized to use any reasonable interpretation of the provisions in these policies.
6. The chairperson is empowered to chair board meetings, with all the commonly accepted power of that position (e.g. ruling, recognizing).
7. The chairperson has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the chairperson has no authority to supervise or direct the CEO.
8. The chair will note for the minutes the regrets and unaccounted for absences and will act according to the direction in Governance Process Policy #2.
9. The chairperson may represent the board to outside parties in announcing board-stated position and in stating chair decisions and interpretations within the area delegated to her or him.
10. The chairperson may delegate this authority but remains accountable for its use.
11. The chair will ensure orientation and training of the Board.
12. The chair will develop the board budget as recorded in policy #8.

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***GOVERNANCE PROCESS POLICY #6***

### **BOARD MEMBERS' CODE OF CONDUCT**

The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members of Co-op Power OR of a business entity where Co-op Power has an ownership share.

Accordingly,

1. Board members must represent the interests of the owners and the community. This accountability supercedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supercedes the personal interest of any board member as a customer or vendor of the cooperative.
2. Board members must avoid conflict of interest with respect to their fiduciary responsibility.
3. There must be no self-dealing or any conduct of private business or personal services between any board member and the cooperative except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information.
4. When the board is to decide upon an issue about which a board member has an unavoidable conflict of interest, that board member shall absent herself or himself without comment from not only the vote but also from the deliberation.
5. Board members must not use their positions to obtain employment for themselves, family members, or close associates. Should a board member desire employment, he or she must first resign from the board.
6. Board members will annually disclose their involvement with other organizations, with vendors, or any other associations that might produce a conflict.
7. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies.
8. Board members’ interaction with the CEO or with staff must recognize the lack of authority vested in an individual except when explicitly board-authorized.
9. Board members' interactions with public, press, or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
10. Board members will give no consequence or voice to individual judgments of the CEO or staff performance.
11. Board members will respect the confidentiality appropriate to issues of a sensitive nature.

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***GOVERNANCE PROCESS POLICY #7***

### **BOARD COMMITTEE PRINCIPLES**

Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to the CEO.

Accordingly,

1. Board committees are to help the board do its job, never to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board’s broader focus, board committees will normally not have dealing with current staff operations.
2. Board committees may not speak or act for the board except for formally given such authority for specific and time limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.
3. Board committees cannot exercise authority over staff. Because the CEO works for the full board, he or she will not be required to obtain approval of a board committee before an executive action.
4. Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore a board committee that has helped the board create policy on some topic will not be used to monitor organizational performance on that same topic.
5. Committees will be used sparingly and ordinarily in an ad hoc capacity.
6. This policy applies to any group that is formed by board action, whether or not it is called a committee and regardless whether the group includes board members. It does not apply to committees formed under the authority of the CEO.

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***GOVERNANCE PROCESS POLICY #8***

### **COST OF GOVERNANCE**

Because poor governance costs more than learning to govern well, the board will invest in its governance capacity.

Accordingly,

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
2. Training and retraining will be used liberally to orient new board members and board candidates, as well as to maintain and increase existing member skills and understandings.
3. Outside monitoring assistance will be arranged so that the board can exercise confident control over cooperative performance. This includes but is not limited to fiscal audit.
4. Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.
5. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.
6. $20,000 will be set aside in each fiscal year for the Board to spend on training, including attendance at conferences and workshops, financial review and other third party monitoring of cooperative performance, and meeting costs, including the annual meeting.

***BOARD-CEO LINKAGE #1***

### **UNITY OF CONTROL**

Only decisions of the board acting as a body are binding on the CEO.

Accordingly,

1. Decisions or instructions of individual board members, officers, or committees are not binding on the CEO except in rare instances when the board has specifically authorized such exercise of authority.
2. In the case of board members or committees requesting information or assistance without board authorization, the CEO can refuse such requests that require, in the CEO’s opinion, a material amount of staff time or funds, or are disruptive.

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***BOARD-CEO LINKAGE #2***

### **ACCOUNTABILITY OF THE CEO**

The CEO is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the CEO.

Accordingly,

1. The board will never give instructions to persons who report directly or indirectly to the CEO.
2. The board will refrain from evaluation, either formally or informally, of any staff other than the CEO.
3. The board will view CEO performance as identical to the performance of the cooperative, so that accomplishment of board-stated Ends and avoidance of board-prescribed Executive Limitations will be viewed as successful CEO performance.
4. Employees may only appeal to the board to request that the board determine if the CEO is violating board policy or that board policy does not adequately protect his or her human rights.

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**BOARD-CEO LINKAGE #3**

### **DELEGATION TO THE CEO**

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

Accordingly,

1. The board will develop policies instructing the CEO to achieve certain ends. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Ends policies.
2. The board will develop policies that limit the latitude the CEO may exercise in choosing the operational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies.
3. As long as the CEO uses any reasonable interpretation of the board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.
4. The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and CEO domains. By doing so, the board changes the latitude of choice given to the CEO. But as long as any particular delegation is in place, the board will respect and support the CEO’s choices.

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***BOARD******-CEO LINKAGE #4***

MONITORING CEO PERFORMANCE

Systematic and rigorous monitoring of CEO’s job performance will be solely against the only expected CEO job outputs: the cooperative’s accomplishment of board policies on Ends and operational activities within boundaries established in board policies on Executive Limitations.

Accordingly,

1. Monitoring is simply to determine the degree to which board policies are being met. Data that do not do this will not be considered to be monitoring data.
2. The board will acquire monitoring data by one or more of three methods:
3. Internal Report, in which the CEO discloses compliance information to the board
4. External Report, in which an external, disinterested third party selected by the board assesses compliance with board policies
5. Direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.
6. In every case, the standard for compliance shall be *any reasonable CEO interpretation* of the board policy being monitored.
7. All policies that instruct the CEO will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.