



Chicago Market

Board of Directors

Governance Policies

Revised: January, 2019

Table of Contents

Ends

Executive Limitations

- A – Ends
- B – Global Executive Constraint
 - B.1 – Financial Condition
 - B.2 – Planning and Budgeting
 - B.3 – Asset Protection
 - B.4 – Ownership Rights and Responsibilities
 - B.5 – Treatment of Consumers
 - B.6 – Staff Treatment and Compensation
 - B.7 – Communication to the Board
 - B.8 – Board Logistical Support
 - B.9 – GM Succession
 - B.10 – Product Selection
 - B.11 – Community Responsibility
 - B.12 – Environment

Board Process

- C – Global Governance Commitment
 - C.1 – Governing Style
 - C.2 – The Board’s Job
 - C.3 – Agenda Planning
 - C.4 – Board Meetings
 - C.5 – Directors’ Code of Conduct
 - C.6 – Officers’ Roles
 - C.7 – Board Committee Principles
 - C.8 – Governance Investment

Board-Management Relationship

- D – Global Board-Management Connection
 - D.1 – Unity of Control
 - D.2 – Accountability of the GM
 - D.3 – Delegation to the GM
 - D.4 – Monitoring Performance

Start-Up Addendum

- E - Start-Up Addendum
 - E.1 – Communication for Store Buildout
 - E.2 – Environmental Implications for Store Buildout
 - E.3 – Budget & Financial Management for Store Buildout
 - E.4 – Operations & Project Management for Store Buildout
 - E.5 - Specifying of Store Vision

Appendices

Policy Type: Ends
Policy Title: A – Global Ends
Last Revised: January, 2019

We are building a better food community. Powered by our Owners, we create and strengthen local food connections that are honest, accessible, educational and inspiring. We are a cooperative grocery store and measure our success on a triple bottom-line: People, Planet, Profit – but more than that, we’re a gathering place and vibrant community resource.

Ends A: Chicago Market is increasing the livelihood of its community - from north-side Chicago to the farms.

Ends B: Owners of Chicago Market are engaged with the Co-op and each other.

Ends C: Through our operations, economic and social decisions, Chicago Market is promoting environmental sustainability

Ends D: Chicago Market is increasing connectivity and transparency between community and sources of food.

End E: Chicago Market is improving the local Chicago foodshed.

Performance against Ends Statements will be reviewed on annual basis during yearly planning cycles.

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: January, 2019

The General Manager shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, or in violation of the Cooperative Principles.

Policy Type: Executive Limitations
Policy Title: B.1 – Financial Conditions and Activities
Last Revised: December, 2018

With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities established in Ends policy.

The GM will not, without effort to avoid:

1. Allow sales to substantially decline.
2. Allow operations to generate an inadequate net income based on current budget.
3. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.
4. Acquire, encumber or dispose of real estate.
5. Allow any tax payments or filings to be overdue or inaccurately filed.
6. Use restricted funds for any purpose other than that required by the restriction.
7. Hire or accept volunteer assistance for financial or sensitive data without receiving signed confidentiality waivers from these parties and notifying the Board.
8. Enter into a contract, or combination of related contracts, for goods or services—excluding wholesale grocery product—that:
 - a. exceeds \$5,000; and
 - b. is unrelated to the current fiscal year budget or a Board-approved capital investment budget unless the GM has:
 - i. provided evidence to the Board of due diligence in this purchasing decision in regard to prudent use of Co-op funds, and
 - ii. shown the purchasing decision is consistent with Co-op Ends Policies, and
 - iii. obtained Board consent in advance.

Policy Type: Executive Limitations
Policy Title: B.2 – Business Planning & Financial Budgeting
Last Revised: January, 2019

The General Manager shall not cause or allow business planning and budgeting, for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board’s Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.

The GM will not cause or allow plans that:

1. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”
2. Omit credible projection of revenues and expenses, Owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Plan expenditures in any fiscal year that would result in default under any of the Cooperative’s financing agreements or cause the insolvency of the Cooperative.
4. Have not been tested for feasibility.
5. Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.
6. Allow the debt service coverage ratio to remain below 1.0 —thereby demonstrating our inability to meet our debt obligations.

Policy Type: Executive Limitations
Policy Title: B.3 – Asset Protection
Last Revised: January, 2019

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

The GM will not allow:

1. 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. Unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Inadequate security of premises and property.
4. Data, intellectual property, or files to be unprotected from loss, theft or significant damage.
 - a. Improper usage of Owners' and customers' personal information as defined by the Department of Labor, or any private/sensitive data about Owners, such as cardholder and purchase or purchase history data.
5. Uncontrolled purchasing or purchasing subject to conflicts of interest.
6. Damage to the Co-op's public image.

Policy Type: Executive Limitations
Policy Title: B.4 – Owner Rights and Responsibilities
Last Revised: January, 2019

The General Manager will not allow Owners to be uninformed or misinformed of their rights and responsibilities. Chicago Market Owners Rights and Responsibilities are listed [here](#).

The GM will not:

1. Create or implement an Owner equity system without the following qualities:
 - a. The required Owner equity, or fair share, determined by the Board.
 - b. Owners are informed that equity investments are at risk. While the Owner's investment is generally refundable, the Board retains the right to withhold refunds when necessary to protect the Co-op's financial viability.
 - c. Equity will not be refunded if such a refund would cause or exacerbate non-compliance with any Financial Condition policy.
2. Implement a patronage refund system, without Board approval, that does not:
 - a. Comply with IRS regulations.
 - b. Allow the Board to examine a range of options and implications, and make a timely determination each year concerning how much, if any, of the Co-op's net profit will be allocated and distributed to Owners.
3. Operate the store without an Owner discount program for all Owners. The GM shall not withhold his/her opinion, with supporting data, if the GM believes that this requirement may interfere with successful operations or fiscal viability of the Co-op.

Policy Type: Executive Limitations
Policy Title: B.5 – Treatment of Consumers
Last Revised: December, 2018

The General Manager will not be unresponsive to customer needs. The GM will not:

1. Operate without an open system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
2. Allow an unsafe shopping experience (including food handling, consumer safety, personal identifiable information) for our customers.
3. Operate without written and easily available and visible customer service policies that clearly communicate to staff and customers expectations for staff-customer interactions, outline means for establishing and reinforcing a culture of exceptional service beyond competitive offerings, and provide for effective handling of customer grievances.
4. Cause or allow unlawful discrimination on the basis of race, color, national origin, ancestry, sex, sexual orientation, gender identity or expression, religion, age, pregnancy, disability, work-related injury, covered veteran status, political ideology, genetic information, marital status, or any other factor that the law protects from customer service or employment discrimination.
5. Operate without a communication plan to handle crises or extraordinary situations that may affect Owners, shoppers, and employees at the store.

Policy Type: Executive Limitations
Policy Title: B.6 - Staff Compensation and Treatment of Staff, Volunteers, and Owners
Last revised: January, 2019

With respect to the treatment of paid staff, volunteers and Owners, the GM shall not cause or allow conditions, procedures or decisions that are discriminatory, disrespectful, unfair, unsafe, undignified, disorganized, unlawful at federal, state, and municipal levels, or unclear, unnecessarily intrusive or that fail to provide appropriate confidentiality and privacy.

Further, without limiting the scope of the previous statement, the GM shall not:

1. Operate without written personnel policies, that are approved by the Board, that:
 - a. Clarify code of conduct for staff, volunteers and Owners
 - b. Provide for fair and thorough handling of staff, volunteer and Owner grievances
 - c. Are easily accessible to all employees, volunteers and Owners
 - d. Inform staff that employment is neither permanent nor guaranteed.
2. Discriminate against any staff member, volunteer or Owner for respectful expression of dissent.
3. Prevent staff from petitioning the Board with a grievance when
 - a. Internal grievance procedures have been exhausted or
 - b. The employee alleges either that Board policy has been violated to that person's detriment or that Board policy does not adequately protect that person's human rights.
4. Cause or allow personnel policies to be inconsistently applied.
5. Fail to acquaint staff, volunteers or Owners with the GM's interpretation of their protections under this policy.
6. Allow staff to be unprepared to deal with emergency situations.
7. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
8. Establish staff compensation and benefits that are internally or externally inequitable.
9. Change the GM's own compensation and benefits
10. Allow for any full time employee to work without the option of health care benefits.
11. Allow any employee to work for less than a living wage.
12. Establish Owner discounts that are internally or externally inequitable.
13. Allow staff to be untrained, uninformed, uncommunicative about long-term business plans.

Policy Type: Executive Limitations
Policy Title: B.7 – Communication to the Board
Last Revised: January, 2019

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 data later than 1 week prior to Board meetings, or data that is inaccurate or hard to understand.
2. Report any actual or anticipated noncompliance with any policy of the Board in an untimely manner.
3. Allow the Board to be unaware of
 - a. relevant industry, operational, and patronage trends,
 - b. public events of the Cooperative
 - c. internal and external changes which affect the assumptions upon which Board policy has previously been submitted
 - d. any subpoena, court action, or lawsuit brought to, by, or against the cooperative (not to include infractions, violations, tickets, citations, or other routine legal interactions with regulatory bodies or Municipal, County, State, or Federal agencies or authorities)
 - e. employment, vendor, banks, or creditor disputes
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 Members over others except when
 - a. fulfilling individual requests for information or
 - b. responding to officers or committees duly charged by the Board
6. Fail to supply for the Board's yearly agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.

Policy Type: Executive Limitations
Policy Title: B.8 – Board Logistical Support
Last Revised: January, 2019

The General Manager will 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. Provide inadequate information and notice to Owners concerning Board actions, meetings, activities and events.

Policy Type: Executive Limitations
Policy Title: B.9 – Emergency GM Successor
Last Revised: January, 2019

To protect the Board from sudden loss of GM services, 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: B.10 – Product Selection
Last Revised: January, 2019

The GM shall not stock the store with goods that do not adhere to the Purchasing Values established by the Board. The GM shall not withhold his/her opinion if the GM believes that these guidelines interfere with successful operations and fiscal viability and success of the Co-op.

Policy Type: Executive Limitations
Policy Title: B.11 – Community Responsibility
Last Revised: January, 2019

GM shall not operate without:

1. Addressing economic, physical, and social barriers to the Co-op.
2. Identifying common goals and cooperating with local organizations, particularly those serving marginalized communities.
3. Offering educational programming for community members outside of the Chicago Market Ownership.
4. Prioritizing candidates for employment from members of the community
5. Educating community members about the structure, meaning, and distinction of Chicago Market and its co-op structure

Policy Type: Executive Limitations
Policy Title: B.12 – Environment
Last Revised: January, 2019

The General Manager shall actively work to ensure that the Co-op activities and practices minimize the Co-op's negative impact on the environment.

The General Manager shall ensure that the Co-op's commitment to environmental sustainability is reflected in all of the Co-op's practices and activities, including but not limited to purchasing, displays, packaging, energy use, water use, special events, and disposal. The GM will oversee the Co-op's environmental impact and will implement measures to reduce and minimize this impact in all ways possible.

In addition, the GM shall not fail to:

1. Minimize or eliminate any release of pollutants.
2. Actively work to minimize the creation of waste through systems and operating procedure of reduction, reuse and recycling.
3. Ensure that all waste is disposed of through safe, responsible and environmentally friendly efforts.
4. Actively work to minimize the use of energy through improved efficiency and conservation.
5. Conduct research and allow trials for cutting-edge environmental practices in grocery operations that ensure the Co-op's place as a leader in environmental sustainability.
6. Audit and report out on the Co-op's practices and activities in light of environmental impact.

Policy Type: Executive Limitations
Policy Title: B.13 – Treatment of Farmers and Vendors
Last Revised: January, 2019

The GM shall treat farmers and vendors as key stakeholders of our valued community.

The GM shall not:

1. Operate without an open system for soliciting and considering farmer and vendor opinion regarding preferences, requests, complaints and suggestions.
2. Fail to notify farmers and vendors of any forthcoming issues with payment.

Policy Type: Board Process
Policy Title: C – Global Governance Commitment
Last Revised: January, 2019

Acting on behalf of our Owners, the Board ensures that our Cooperative produces benefit and value, while avoiding unacceptable actions and situations.

Policy Type: Board Process
Policy Title: C.1– Governing Style
Last Revised: January, 2019

We will govern in a way that emphasizes empowerment and clear accountability. In order to do this, we will:

1. Focus our vision outward and toward the future.
2. Observe the 10 Policy Governance principles.
3. Maintain group discipline, authority and responsibility.
4. Clearly distinguish Board and general manager roles.
5. Encourage diverse viewpoints.
6. Not allow any directors to be without an updated copy of the Policy Register and the Bylaws.
7. Obey all relevant laws and [bylaws](#), including conflict of interest policies.

Policy Type: Board Process
Policy Title: C.2– The Board’s Job
Last Revised: January, 2019

In order to govern successfully, we will:

1. Create and sustain a meaningful relationship with Owners.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See D. Board GM Relationship Policies)
3. Have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends, Executive Limitations, Board Process, and Board-Management Relationship, as described in the Policy Governance principles.
4. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
5. Regularly monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship.
6. Perpetuate the Board’s leadership capacity using ongoing education, training and recruitment.
7. Hire, delegate responsibility to, and hold accountable an accountant to oversee financial records and tax filing.
8. Regularly attend Board meetings, reviewing briefing materials and staying engaged to fulfill governance and fiduciary duties.

Policy Type: Board Process
Policy Title: C.3– Agenda Planning
Last Revised: December, 2018

We will follow an annual agenda that focuses our attention upward and outward.

1. Our annual governance cycle will run from July to June.
2. We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy, Ownership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
3. Throughout the year, we will attend to outlined annual calendar agenda items as expeditiously as possible.
4. We will review reports and other materials prior to the Board meetings in order to limit the amount of meeting time taken up by monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.
5. The secretary, or another member appointed by the President, shall draft and advertise a draft agenda 5 days prior to Board meetings. Suggested updates and edits to the agendas then shall be submitted by all directors up until 3 days prior to the meeting. The secretary shall close and publicly advertise regular agendas for all regular public Board meetings by no less than 3 days in advance of Board meetings.
6. Within 3 days of all regular public Board meetings, agendas may not be changed without Board majority.
7. The Board utilizes a consent agenda that is presented by the president at the beginning of a meeting and voted upon (having been previously announced in Board Agenda and included in pre-reading). Items may be removed from the consent agenda on the request of any one director. Items not removed may be adopted by general consent without debate. Removed items may be taken up either immediately after the consent agenda or placed later on the agenda at the discretion of the assembly.
8. Items may not be added to agenda by non-directors unless authorized to do so by a petition signed by at least twenty-five Owners and submitted to the Co-op at least sixty (60) days before the date of the annual meeting or six (6) days prior to all other meetings.

Policy Type: Board Process
Policy Title: C.4– Board Meetings
Last Revised: January, 2019

Board meetings are for the task of getting the Board’s job done.

1. We will use Board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters and personal concerns.
2. Meetings will be open to the Ownership 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 practice majority decision-making as guided by "Defining Board-level Discussions" listed in the appendix.
4. Board meetings shall follow adopted agenda and minutes-recording templates, and delivery and archiving process of Board meeting minutes.

Policy Type: Board Process
Policy Title: C.5– Directors’ Code of Conduct
Last Revised: January, 2019

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

1. Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the Co-op, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate non-conflicted loyalty to the interests of the Co-op’s Owners. 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 Owner.
 - a. There will be no self-dealing or any conduct of private business or personal services between any director and the Co-op except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.
 - b. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director has the obligation to abstain from the conversation and the vote.
 - c. Any director may not be paid as a consultant to, employee or any other means by Chicago Market.
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, 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 respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
5. Aside from excused absences, directors will prepare for and attend Board meetings and trainings in adherence to Chicago Market bylaws.
6. 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.
7. Any director who does not follow the code of conduct policy shall resign from the Board if requested to do so by a 2/3 majority vote of the remaining Board.

Policy Type: Board Process
Policy Title: C.6– Officers’ Roles
Last Revised: January, 2019

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

1. No officer has any authority to supervise or direct the GM.
2. Officers may delegate their authority but remain accountable for its use.
3. The Board plans for leadership (officer) perpetuation.
4. The president ensures the Board acts consistently with Board policies. In addition, the president:
 - a. is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies;
 - b. will chair Board meetings;
 - c. may represent or delegate another director to represent the Board to outside parties;
 - d. administers the Board's accounts, including—but not limited to—online accounts, directors & officers insurance policy, etc.
5. The vice-president will perform the duties of the president in her/his absence. In addition, the vice-president will:
 - a. convene and chair the yearly officer election committee;
 - b. lead annual Board development and training initiatives.
6. The treasurer will:
 - a. lead the Board’s process for creating and monitoring the Board’s development budget;
 - b. oversee the maintenance of financial records, issuance of quarterly financial reports;
 - c. work with the accountant to ensure timely filing of all State and Federal income tax returns;
 - d. present a financial report at the annual meeting of Owners.
7. The secretary will make sure the Board’s documents are accurate, up to date, and appropriately maintained. In addition, the secretary will:
 - a. maintain policy documents and ensure their availability to all Owners;
 - b. provide copies of relevant documents to new directors.
8. Additionally, officers will perform duties as described in the bylaws.

Policy Type: Board Process
Policy Title: C.7– Board Committee Principles
Last Revised: January, 2019

We will use Board committees only to help us accomplish our job on a needed basis.

1. Committees will reinforce and support the wholeness of the Board.
 - 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. The Board will establish, regularly review and control committee responsibilities in written committee charters.
 - a. We will carefully state committee expectations and authority to make sure they do not conflict with authority of the Board or authority delegated to the GM.

Policy Type: Board Process
Policy Title: C.8 – Governance Investment
Last Revised: January, 2019

We will invest in the Board’s governance capacity.

1. We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
 - a. We will use training and re-training liberally to orient new directors and candidates for membership, as well as to maintain and increase existing members’ skills and understandings.
 - 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 Owner viewpoints and values.
 - d. We will use professional and administrative support.
3. We will develop the Board’s annual governance budget in a timely way so as to not interfere with the development of the Cooperative’s annual budget.

Policy Type: Board Management Relationship
Policy Title: D– Global Board-Management Connection
Last Revised: January, 2019

The Board’s sole official connection to the operations of the Cooperative will be through the General Manager. If a CFO, or financial consultant, is hired to reconcile financial records and perform analysis, the Board will also have a connection to this position through the Treasurer.

Policy Type: Board-Management Relationship
Policy Title: D.1– Unity of Control
Last Revised: January, 2019

Only officially passed motions 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 with reasonable explanation.

Policy Type: Board-Management Relationship
Policy Title: D.2– Accountability of the GM
Last Revised: January, 2019

The General Manager is the Board’s only link to operational achievement and conduct, except in cases otherwise stated in the employee handbook and policies (e.g. grievances).

1. The Board will view GM performance as identical to organizational performance so that the Co-op’s accomplishment of Board-stated ends and avoidance of Board-proscribed means will be viewed as successful GM performance.
2. The Board will evaluate the GM’s performance as outlined in section D.3 Monitoring GM Performance.
3. The Board will not instruct or evaluate any employee other than the GM.

Policy Type: Board-Management Relationship
Policy Title: D.3– Delegation to the GM
Last Revised: January, 2019

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

1. As long as the GM uses 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. The Board will respect and support 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 or for any ongoing situation, if the Board deems it necessary.
4. Unless reasonable circumstance presents itself, changes to Ends or Executive Limitations policies will be conducted on an annual basis during planning cycles.

Policy Type: Board-Management Relationship
Policy Title: D.4– Monitoring GM Performance
Last Revised: January, 2019

The Board will systematically, regularly, and rigorously monitor and evaluate the GM’s job performance.

1. Monitoring is how the Board determines the degree to which the GM is following Board policies. Monitoring information will be defined by the Board and provided to the GM.
2. The Board will acquire monitoring information including, but not limited to, the following methods:
 - a. by internal report, in which the GM discloses interpretations and compliance information to the Board;
 - b. by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or
 - c. by direct Board inspection, in which a designated director or committee assesses compliance with the policy criteria.
3. Directors may respond to a GM monitoring report via the president up to three days prior to a Board meeting.
4. In every case, the standard for compliance will be reasonable GM interpretation (as described by operational definitions and metrics) of the Board policy being monitored. The Board is the final arbiter of reasonableness but will always judge with a “reasonable person” test rather than with interpretations favored by individual directors or by the Board as a whole.
5. The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
6. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method but will ordinarily follow the schedule outlined in the Board Annual Calendar.
7. The Board’s annual evaluation of the General Manager, based on a summary of monitoring reports received during the previous year, will be completed two months before the end of the current year of employment. The Board will make its decisions concerning the evaluation and the employment contract no later than one month before the end of the manager's contract. The Board reserves the right to make decisions concerning evaluation and employment at any time.
8. The Board will complete the GM compensation process no later than one month before the end of the manager's contract.

Policy Type: Start-Up Addendum
Policy Title: E - Defining Start-Up Addendum
Last Revised: January, 2019

The start-up addendum shall provide additional policies that pertain specifically to the buildout, onboarding, launch of Chicago Market operations. In cases where the General Manager is referenced, but not yet hired, it is implied that the Project Manager will take ownership of General Manager responsibilities mentioned below.

Policy Type: Start-Up Addendum
Policy Title: E.1– Communications on Store Buildout
Last Revised: January, 2019

The General Manager or Project Manager (in lieu of General Manager) shall not fail to:

1. Report every week on the timeline, status, and budget of the Site Buildout.
2. Report any timeline slippage and/or budget creep, in real time, to the Board and provide reasoning for the slippage and plan for re-adjusting timeline or budget as necessary.

Policy Type: Start-Up Addendum
Policy Title: E.2 – Environmental Implications for Store Buildout
Last Revised: January, 2019

The Site Buildout project shall not fail to endeavor to minimize the negative impact of our operation on the environment.

1. Other things being equal, when choices are made that will affect resource use (e.g. energy, land, water), the more resource efficient choice will be preferred.
2. When there is a cost difference, a more environmentally sensitive or beneficial choice is preferred if the cost difference is less than 10%, the total lifespan cost is less, or the choice significantly improves the Co-op's ability to achieve its mission. This is assessed and decided by the Board Site committee.

Policy Type: Start-Up Addendum
Policy Title: E.3 – Budget and Financial Management for Store Buildout
Last Revised: January, 2019

The General Manager or Project Manager (in lieu of General Manager) shall not fail to:

1. Develop and submit to the Board a draft budget for each stage and cost of the project for Board approval, along with detailed assumptions
2. Adhere to the intentions and limitations of Board-approved budgets

Policy Type: Start-Up Addendum
Policy Title: E.4 – Operations & Project Management for Store Buildout
Last Revised: January, 2019

The General Manager or Project Manager (in lieu of General Manager) shall not fail to:

1. Use all available and agreed upon resources to successfully complete site buildout and launch grocery store in a timely manner and in alignment with the values of Chicago Market.
2. Make any operational decision on consultants, design, location, product selection, marketing/PR, lease amendments with approval of relevant Board team/committee.
3. Build and maintain a project plan that can be used for monitoring status that is updated every two weeks.

Policy Type: Start-Up Addendum
Policy Title: E.5 – Specificity for Store Vision
Last Revised: January, 2019

To execute store launch in a manner that closely aligns to the vision of Chicago Market Owners, the General Manager or Project Manager (in lieu of General Manager), with exception to outstanding circumstances shall not fail to:

1. Provide a plethora of locally-sourced food options in every department.
2. Provide outstanding customer service store-wide, across all personnel.
3. Provide staff with adequate, thorough training.
4. Provide experiences for staff to learn directly from vendors, including farmers, makers, and others.
5. Provide extensive transparency of information about food sourcing when information is available.
6. Provide delicious high-quality prepared grab-and-go food that features locally-sourced options.
7. Provide a quality and accessible butcher/fresh meat department.
8. Include farmers as partners in store when available to meet ends of Chicago Market.
9. Provide marketing and store signage/customer service that connects the shopper to the farms and food producers.
10. Actively recruit and hire from within the local and surrounding communities in order to incorporate and reflect the diversity of the community.
11. Provide pricing and product selections that fit community needs and Purchasing Values.
12. Actively pursue clear and visible zero waste efforts.
1. Prioritize environmental sustainability and take steps to actively minimize the environmental impact (energy use, water use, waste, etc.) of all of Chicago Market's operations.
13. Follow Chicago Market's marketing and branding strategy, including the sale of Chicago Market branded items.
14. Provide educational opportunities for customers to broaden their understanding of the local food system and food-related activities.

APPENDICES

Chicago Market Purchasing Values

§ **We are delicious:** We have a passion for great-tasting foods. As a mission-driven market, we have values that determine what fills our shelves. Above all else, we strive to make every item delicious. Whether shoppers prefer beets or broccoli, they can count on Chicago Market to curate the most-delicious foods from our foodshed. Our focus on locally sourced products is not just a core value, it will also ensure our produce is picked at its ripest. That means it gets to Chicago Market quickly, and our shelves are stocked with the freshest and most- delicious food available.

Chicago Market will offer a variety of fresh and prepared foods, which will cater to our diverse set of Owners and shoppers. We will be adaptive and responsive to the preferences of our shoppers, frequently reevaluating what products we carry. Chicago Market is also focused on supporting local entrepreneurs as they perfect their products and will support farmers and artisans from the area in bringing new and great-tasting items to market.

We will also offer multiple hands-on opportunities where shoppers can experiment and get creative. There will often be outlets for shoppers to taste new things and try different preparation techniques, which could potentially expand their definition of "delicious."

Food has always been about more than just nourishment; it's about community and the simple joys of breaking bread with others. At Chicago Market, we encourage the communal aspect -- whether by sharing recipes or sharing a table -- and the delicious food we carry is the foundation on which this deeper community is built.

§ **We are transparent:** We buy from suppliers who are transparent about their sources and production methods. Nutrition and ingredient labels merely scratch the surface of what we want to know about our food. Where was it made? By whom? What processes and production methods were used? What principles, such as resource usage or animal welfare, are the producers following that may match our own? Chicago Market shoppers will have access to this information so they can make choices that support the farmers and producers that match their preferences.

We will connect farmers and producers to shoppers in multiple ways: aisle signage, farm visits and open houses, in-person events, profiles on social media and our newsletters. Our suppliers will be able to communicate to our shoppers about what they do, finding their target customers more easily by being open about what they are making and how.

Our Owners and shoppers are as diverse as the food we put on the shelves, and we will give them information so they can make food choices based on their own preferences. A carnivore wanting humanely raised pork and a vegan looking to avoid animal testing in cosmetics will have the opportunity to learn more about products carried in Chicago Market and buy items that align with their beliefs.

§ **We are sustainable:** We source organic and sustainably farmed and manufactured products. At Chicago Market, we respect the environment and recycle, reuse and reduce our waste whenever possible. We also expect the suppliers of all our products to be open and honest about their environmental practices. To earn a spot on our shelves, producers must show commitment to a triple-bottom line: People, Planet and Profit. If we don't feel they are working to improve the world in some way, we won't stock their products.

We are always learning more about how decisions we make today affect us in the future. We look to our Chicago Market community of Owners, farmers and producers to educate each other about the latest sustainability trends and issues. Chicago Market isn't temporary; generations of shoppers will find community, sustenance and education here.

§ We are local: We source from the breadth, depth and variety of Midwest food. We actively seek out and champion growers and artisanal manufacturers who share our purchasing values and who are located within 150 miles of our store. We consider any business that fits this description as “local” because:

1. We believe businesses within this area have the most-direct impact on the local economy, and are most aligned with our desire to create an honest, economical, profitable and self-sustaining food-supply chain and ecosystem in Northeast Illinois;
2. We believe businesses closer to home give our Owners the best chance to personally meet and get to know more intimately the suppliers of their food -- a desire they consistently express;
3. We believe our business model is most-efficient and our product freshest when vendors can deliver directly to our store with minimal additional handling and storage, plus, our vendors are happiest when they can hand-deliver their product to market and still get home in time for dinner; and
4. The radius is wide enough to encompass the variety and diversity of the foods grown around the southern horn of Lake Michigan.

We acknowledge, because of climate or seasonality or our intent to offer a complete line of groceries, there are times we must source outside of our local radius. In these cases, we will go to great lengths to curate the finest selection of high-quality, great-tasting products grown or manufactured as close to home as possible and within the states of Michigan, Indiana, Illinois, Wisconsin and Iowa. Product from within these states is how we define "regional." Sourcing from our neighboring states keeps the drive to market within a day and feels close enough to still feel connected to the person feeding your family.

Finally, for those products that are perishable, we will preserve them so you may enjoy the freshness and diversity of our local harvests throughout the year and beyond the peak of the season.

We are socially responsible: We build relationships with vendors whose business practices support the environment, the community and fair labor. Being socially responsible at Chicago Market means we consider what practices are part of our supply chain as we source the products that stock our shelves. Our suppliers raise crops in ways that nurture and protect the soil, air and waterways while caring for their farm workers and providing a fair wage. Their animals are treated humanely from birth to processing.

We will promote farmers and suppliers in the store that share our values, and provide information to shoppers about who they are supporting with their food dollars. We will work with suppliers to establish fair rates to work towards affordable prices for our customers. Chicago Market will also support local entrepreneurs as they perfect their products and will support farmers and artisans from the area in bringing new products to market, thereby supporting the local economy.

It is our mission to nourish consumers while also providing equitable pay for our workers and those who produce our products, while bearing in mind the effects our actions have on the local economy and environment.

We are yours: Our purchasing values reflect the values of our community. As a Chicago Market Owner, you have a say in the total operation of the co-op. You elect our Board of Directors, approve our Bylaws and all other aspects of our operation. All major decisions are fully discussed and voted on at annual Owner's meetings. Your input is encouraged and valued. Your participation is essential in creating and sustaining a cooperative community that offers the best products and services available in Chicago. In short, you own Chicago Market; it is yours.

CHICAGO MARKET MISSION, VISION, VALUES

MISSION AND PURPOSE

We are building a better food community. Powered by our Owners, we create and strengthen local food connections that are honest, accessible, educational and inspiring. We are a cooperative grocery store -- but more than that, we're a gathering place and vibrant community resource.

VISION

A better food community -- local, sustainable, connected.

TAGLINE

Local. Sustainable. Yours.

VALUES

We value: Relationships, Ownership, Sustainability, Accountability and Joy.

Relationships. Relationships are the core of our food community. We cultivate partnerships and community among our Owners, shoppers, vendors, local businesses and organizations, chefs, restaurants, our city and our neighborhood. Further, we regard our farmers, manufacturers, producers and employees as valued owners of our community.

Ownership. Democratically led by our Owners, Chicago Market's success depends on the participation of each member of our community through Board and committee work, volunteer engagement, participating in the annual Owners meeting and electing our Board. Founded on and operating by the core cooperative values and principles, we provide our community voice to build a democratic and equitable food community that has the power to change the local food landscape.

Sustainability. We support and promote sustainable agriculture: careful resource use and environmental and economic sustainability. We incorporate these principles in everything we do, including our Purchasing Values, store design and operations. We want to make buying decisions that are both sustainable for the co-op but also for the suppliers and employees with whom we work.

Accountability. Chicago Market is accountable to our Owners, employees, vendors, community and environment. We commit to fair labor standards, honest and financially responsible business practices, transparent communication and continual improvement based on our community's feedback. We provide transparent information about who produced your food and how it was produced, so you can decide what you feed yourself and your family.

Joy. We share a passion for connecting with others over food that makes us feel great. Our facilities, events and

programs inspire and educate; they celebrate and incubate local food producers and new ideas. Chicago Market is a joyous place to shop and work, and gather in community.

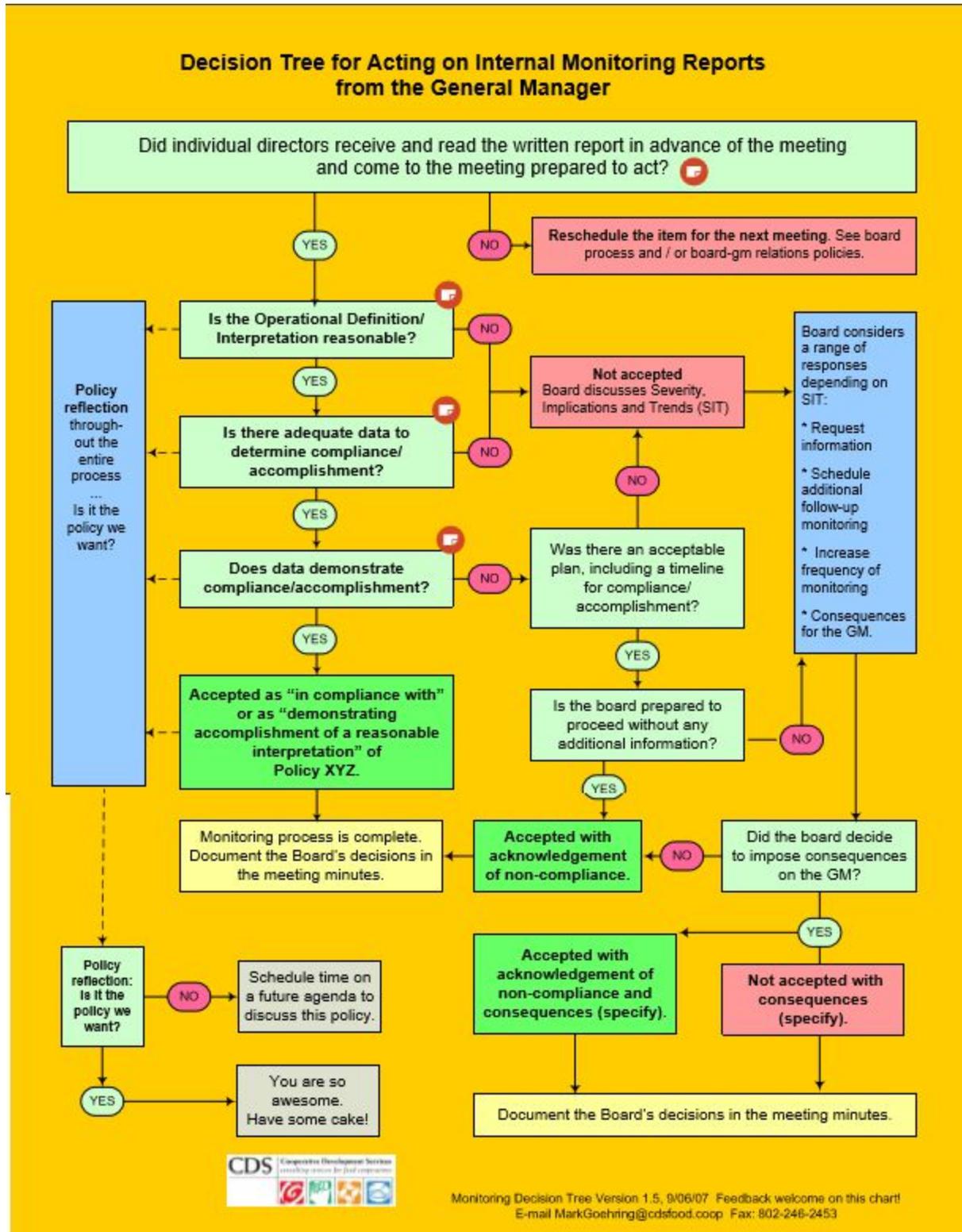
CO-OP VALUES AND PRINCIPLES

Co-ops are based on values not unlike those we subscribe to individually, including self-responsibility, democracy, equality, honesty and social responsibility.

The seven principles are:

1. Voluntary and open ownership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Cooperation among cooperatives
7. Concern for community

DECISION TREE FOR ACTING ON INTERNAL MONITORING REPORTS FROM THE GM



Defining Board Level Discussion

Chicago Market values decentralized authority and prefers that Teams see themselves as the most knowledgeable in their area and so most qualified to make all operational and most tactical decisions. Strategic decisions that impact or bear directly on the success of CM delivering on our Mission + Vision are the types of decisions the Board weighs in on. Even then, it is the Board's preference that a given Team has spent time on the topic [per steps below] and developed a deliberately produced recommendation so that the Board has that Team's input and research to respond to.

Steps toward presenting content for Board Agenda:

- 1. Team has internally workshopped a topic - this includes (where relevant) having researched other co-op or competitor experience, having thought through pros/cons and likely questions to be asked.**
- 2. Team has consulted all other necessary teams.**
- 3. Team has read the above and feels the topic meets the requirements for Board-level discussion.**
- 4. Team is in agreement and Liaison is ready to present a unified topic to the Board via the BC Board Project or via in-person meeting. Then:**
- 5. If communication needs can be accomplished via BC, Team's Liaison brings a distilled, consensus recommendation or a firmly-led discussion with a clear decision request to the Board Project, following the procedure set out in the Bylaws.**
- 6. Whereas, if Team feels that in-person presentation and discussion is vital, then Team's Liaison brings a distilled, consensus recommendation or a firmly-led discussion with a clear decision request to the Board.**
- 7. Or: having done all the above, Team is at an impasse and sees no other way toward resolution besides full, in-person Board discussion.**
- 8. The request for meeting time is communicated to the Board President in advance of Agenda submission deadline; include topic, reasoning, person leading discussion, time requested AND any critical/relevant documents for discussion (submitted with enough time for Board members to review them prior to meeting).**