

Monitoring Report: 2.1

Oryana Board Policies Monitoring Report

Date: 1/4/2019

Policy category: 2.0. Global Executive Constraint

2.0. Global Executive Constraint

The GM shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of cooperative principles and commonly accepted business and professional ethics and practices.

The General Manager's Interpretation:

It is my interpretation that this policy requires that I, by policy and practice, delegation and supervision, strategies and tactics, assure that Oryana is managed professionally, ethically, lawfully and in accordance with our ENDS and the cooperative principles and within the Executive Limitations. In short, the Board hires a chief executive who is bound by contract to “occupy the position of CEO known as General Manager” who is empowered and held accountable to, and by the Board of Directors for operational and financial performance, prudent investment, setting strategies and vision to assure sustainability and appropriate growth of the co-op, hiring and developing a management team and staffing the co-op, creating an organizational structure, creating organizational culture that coincides with cooperative values and fulfills our ENDS and assuring the cooperative fulfills our mission to our owners and the community.

The Data:

Exhibit 1: Acceptance of the END and Executive Limitations Monitoring Reports

It is my interpretation that this policy means that GM compliance is confirmed by the Boards acceptance of the monitoring reports and exhibits as documented by the Board – General Manager Delegation Polices

Proof of Compliance: Board – General Manager Delegation

3.0. Global Governance-Management Connection

The board's sole official connection to the organization's operation will be through a chief executive officer, titled General Manager.

3.1. Unity of Control

Only officially passed motions of the board are binding on the GM.

3.2. Accountability of the GM

The GM is the board's only link to the organization's operation and conduct, so that all authority and accountability of staff is considered the authority and accountability of the GM. The board will view GM performance as identical to organizational performance so that organizational accomplishment of board-stated ends and avoidance of board-proscribed means will be viewed as successful GM performance.

3.3. Delegation to the GM

The board will instruct the GM through written policies and prescribe organizational ends to be achieved, describe organizational situations and actions to be avoided, and allow the GM to use any reasonable interpretation of these policies. The board will never prescribe operational means that have been delegated to the GM. The board may change its Ends and Executive Limitations policies.

3.4. Monitoring GM Performance

Systematic and rigorous monitoring of GM job performance will be solely against the only expected GM job outputs: organizational accomplishment of board policies on ends and organizational operation within the boundaries established in board policies on Executive Limitations.

Accordingly:

1. Monitoring is simply to determine the degree to which board policies are being met. Information that does not do this will not be considered to be monitoring information.
2. The board will acquire monitoring information by one or more of three 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 member or members of the board assess compliance with the appropriate policy criteria.
3. In every case, the board will judge (a) the reasonableness of the GM's interpretation and (b) whether data demonstrate accomplishment of the interpretation.
4. In every case, the standard for compliance shall be any reasonable GM interpretation 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 board members or by the board as a whole.
5. All policies that instruct the GM 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 follow the schedule outlined in the Board Annual Calendar.
6. The Board will evaluate the General Manager annually, based on a summary of monitoring reports. The schedule will be established in the Board's annual calendar.

1A: Proof of Compliance – successful monitoring by the Board for contract year 2018.

- All ENDS policies were accepted by the Board
- All Executive Limitations were accepted by the Board

| 2018 General Manager Deliverables | | | | |
|--|----------------|--------------------------------|----------------------|---------------|
| Monitoring Report | Date Delivered | Voted/Accepted (in compliance) | Need to be reviewed? | Delegated to: |
| <i>Ends Policies</i> | | | | |
| Economy | 5.25.18 | Yes | | |
| Localism | 5.25.18 | Yes | | |
| Wellness | 7.26.18 | Yes | | |
| Education | 7.26.18 | Yes | | |
| Community | 9.20.18 | Yes | | |
| Model Workplace | 12.20.18 | Yes | | |
| <i>Executive Limitations</i> | | | | |
| 2.0 Global Executive Constraint | | | | |
| 2.1 Treatment of Consumers | 10.18.18 | Yes | | |
| 2.2 Membership | 10.18.18 | Yes | | |
| 2.3 Treatment of Staff | 12.20.18 | Yes | | |
| 2.4 Financial Condition & Activities | | | | |
| 1st Quarter | 5.25.18 | Yes | | |
| 2nd Quarter | 8.23.18 | Yes | | |
| 3rd Quarter | 11.15.18 | Yes | | |
| 4th Quarter & Year End | 3.20.18 | Yes | | |
| 2.5 Financial Planning & Budgeting | 3.20.18 | Yes | | |
| 2.6 Asset Protection | 6.28.18 | Yes | | |
| 2.7 Emergency GM Succession | 2.22.18 | Yes | | |
| 2.8 Compensation & Benefits | 12.20.18 | Yes | | |
| 2.9 Communication & Support to the Board | 6.28.18 | Yes | | |

1B. Legal and ethical conditions

- Oryana has not experienced any legal suits or ethical conditions that have resulted in adverse effects on the cooperative.

1C. Delegation at Oryana

- The GM is accountable for all decisions at the cooperative as stipulated in the Executive Limitations and by contract.
- The GM may delegate decisions but is still accountable.

1D. Proof of Compliance – an historical perspective

Exhibit 2: Oryana performance

It is my interpretation that this policy means that the GM is acting CEO which is different in that a typical General Manager is directed by either a CEO, a Board, a business owner or other higher-level authority. The CEO position entails a very high level of expectation by the organization to create strategies appropriate to the mission, use prudent decision making judgment, especially with financial resources, foresee possible negative circumstance such as competitive or economic changes, assure the organization is sportively represented to the owners and the public, understand the legal ramifications of decision's, strategies or business relationships, provide for succession and development and much more

Proof of Compliance: Oryana since 2010 has grown from \$8 million to \$17 million by 2016. The organization has increased in staff numbers and now has programs and philosophies and support of a culture that focuses on empowered accountability and development. The cooperative now has its own Human Development, Finance, IT systems, Marketing. Leadership values and expectations have been established. Staff benefits and sustainable wages were decided upon. The owners and customer are the prime focus as we are guided by the Amazing Oryana Experience.

Oryana has reached many milestones and been awarded the Small Business of the Year award in 2014. Investment has been prudent and after three years a second store project was cancelled as the GM advised the Board it was too much risk so in breach of EL 2.4. The current location was refreshed and remodeled. Contingency plans were formulated and implemented as more and more competition entered our market. Despite the challenges Oryana remains in strong financial position.

The future is in the making and Oryana Imagined, the GM's long-term strategic vision, is being updated to be renamed Oryana Imagined, 2028.