



260 SW Madison Ave. Ste 106 | Corvallis, OR 97333 | www.tilth.org | PH 503.378.0690 | FX 541.753.4924 | organic@tilth.org

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *GLOBAL GOVERNANCE COMMITMENT*

DATE OF ADOPTION: 06-23-13

The purpose of the board, on behalf of agricultural and food communities, is to see to it that Oregon Tilth (a) achieves appropriate results for appropriate persons at an appropriate cost (as specified in board Ends policies), and (b) avoids unacceptable actions and situations (as prohibited in board Executive Limitations policies).

Agricultural and food communities are defined as including but not limited to organic certification clients, organizational members, those engaging in educational services, consumers and those who work towards building biologically sound and socially equitable food systems.



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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *G-1 GOVERNING STYLE*

DATE OF ADOPTION: 06-23-13

The board will govern lawfully with an emphasis on (a) outward vision, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of board and chief executive roles, (e) collective decisions, and (f) future organizational vision.

Accordingly:

- G-1.1 The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the board as a body.
- G-1.2 The board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the intended long-term impacts outside the staff organization, not on the administrative or programmatic means of attaining those effects.
- G-1.3 The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the board can change its governance process policies at any time, it will observe those currently in force scrupulously.
- G-1.4 Continual board development will include orientation of new board members in the board's governance process and periodic board discussion of process improvement.
- G-1.5 The board will allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling group obligations.

G-1.6 The board will monitor and discuss the board's process and performance at defined intervals. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-Management Delegation categories.



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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: G-2 BOARD JOB DESCRIPTION

DATE OF ADOPTION: 06-23-13

Specific job outputs of the board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

Accordingly, the board has direct responsibility to:

- G-2.1 Nurture the link between the ownership and the operational organization.
- G-2.2 Create written governing policies that address the broadest levels of all organizational decisions and situations.
 - G-2.2.1 Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
 - G-2.2.2 Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - G-2.2.3 Governance Process: Specification of how the board conceives, carries out and monitors its own task.
 - G-2.2.4 Board-CEO Linkage: How power is delegated and its proper use monitored; the CEO role, authority and accountability.
- G-2.3 Assure successful organizational performance on Ends and Executive Limitations.
- G-2.4 Provide thorough and timely reviews of executive requests for purchases over \$40,000.
- G-2.5 Create an investment policy that ensures responsible fiscal management of investment assets.
- G-2.6 Appoint independent auditors as needed.



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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *G-3 AGENDA PLANNING*

DATE OF ADOPTION: 06-23-13

To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda which (a) completes a re-exploration of Ends policies annually and (b) continually improves board performance through board education and deliberation.

- G-3.1 The cycle will conclude each year on December 31 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.
- G-3.2 The cycle will start with the board's development of its agenda for the next year.
 - G-3.2.1 Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.
 - G-3.2.2 Governance education, and education related to Ends determination, will be arranged in the first quarter, to be held during the balance of the year.
- G-3.3 Throughout the year, the board will attend to consent agenda items as expeditiously as possible.
- G-3.4 The board will vote whether monitoring reports fulfill a reasonable interpretation of the applicable policy at any meeting in which reports have been received with adequate time for review.
- G-3.5 At any meeting prior to which monitoring reports have been received, the board will ascertain by vote whether a majority of members judge the individual reports to have demonstrated fulfillment of a reasonable interpretation of the applicable policy.
- G-3.6 CEO remuneration will be decided during the month of October after a review of the monitoring reports received in the twelve months prior.



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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *G-4 CHIEF GOVERNANCE OFFICER'S ROLE*

DATE OF ADOPTION: 06-23-13

The Chief Governance Officer (CGO), a specially empowered member of the board, assures the integrity of the board's process. The President of the board shall act as the CGO.

Accordingly:

- G-4.1 The assigned result of the CGO's job is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 - G-4.1.1 Meeting discussion content will be on those issues which, according to board policy, clearly belong to the board to decide or to monitor.
 - G-4.1.2 Information that is for neither monitoring performance nor board decisions will be avoided or minimized and always noted as such.
 - G-4.1.3 Deliberation will be fair, open, orderly, thorough and in balance with timeliness, in line with the developed process for discussion.
- G-4.2 The authority of the CGO consists in making decisions that fall within topics covered by board policies on Governance Process and Board-CEO Linkage, as below:
 - G-4.2.1 The CGO is empowered to chair board meetings with all the commonly accepted power of that position, such as ruling and recognizing.
 - G-4.2.2 The CGO has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the CGO has no authority to supervise or direct the CEO.
 - G-4.2.3 The CGO may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.

- G-4.2.4 The CGO may delegate this authority, but remains accountable for its use.
- G-4.2.5 The CGO will set board meeting agendas, can call special meetings or sessions and other such duties agreed upon by the board.
- G-4.3 The CGO may elect to hear time sensitive operational issues from the CEO for discussion purposes (“as a sounding board”). Should the CGO decide to do this, both parties understand that this does not change anything about the governance position of the board or board wholeness.



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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *G-5 BOARD SECRETARY'S ROLE*

DATE OF ADOPTION: 06-23-13

The Board Secretary is an officer of the board whose purpose is to ensure the integrity of the board's documents.

- G-5.1 The assigned result of the Secretary's job is to see to it that all board documents and filings are accurate and timely.
 - G-5.1.1 Policies will be current in their reflection of board decisions. Decisions upon which no subsequent decisions are to be based, such as consent agenda decisions, motions to adjourn, and staff or board member recognitions need not be placed in policy.
 - G-5.1.2 Policies will rigorously follow Policy Governance principles.
 - G-5.1.3 By laws elements necessary for legal compliance and for consistency with the principles of Policy Governance will be known to the board.
 - G-5.1.4 Requirements for format, brevity, and accuracy of board minutes will be known to the CEO.
- G-5.2 The authority of the Secretary is access to and control over board documents, and the prudent use of staff time.



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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *G-6 BOARD MEMBERS' CODE OF CONDUCT*

DATE OF ADOPTION: 06-23-13

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.

- G-6.1 Board members must have loyalty to the ownership, unconflicted by loyalties to staff, other organizations, and any personal interest as a consumer.
- G-6.2 Board members must avoid conflict of interest with respect to their fiduciary responsibility.
 - G-6.2.1 There will be no self-dealing or business by a member with the organization. Members will annually disclose their involvements with other organizations, with vendors, or any associations that might be or might reasonably be seen as being a conflict.
 - G-6.2.2 When the board is to decide upon an issue, about which a board member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation.
 - G-6.2.3 Board members will not use their board position to obtain employment in the organization for themselves, family members, or close associates. Should a board member apply for employment, he or she must first resign from the board.
- G-6.3 Board members may not attempt to exercise individual authority over the organization.
 - G-6.3.1 Board members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly board authorized.
 - G-6.3.2 Board members' interaction 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.

- G-6.3.3 Except for participation in board deliberation about whether the CEO has achieved any reasonable interpretation of board policy, members will not express individual judgments of performance of employees of the CEO.
- G-6.4 Board members will respect the confidentiality appropriate to issues of a sensitive nature.
- G-6.5 Board members will be properly prepared for board deliberation.
- G-6.6 Board members will support the legitimacy and authority of board decisions, irrespective of the member's personal position on the issue.
- G-6.7 Board members will contribute no less than a yearly membership fee.
- G-6.8 Board members will attend no less than 75% of yearly meetings.
- G-6.9 Board members found to be in violation of the Code of Conduct are subject to removal from the board by majority vote of the Board of Directors whenever, in their judgment, the best interests of the organization would be served thereby.



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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: G-7 BOARD COMMITTEE PRINCIPLES

DATE OF ADOPTION: 06-23-13

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 CEO.

Accordingly:

- G-7.1 Board committees are to help the board do its job, not 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 direct dealings with current staff operations.
- G-7.2 Board committees may not speak or act for the board except when 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.
- G-7.3 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.
- G-7.4 Board committees are to avoid over-identification with organizational parts rather than the whole.
- G-7.5 Committees will be used sparingly and ordinarily in an *ad hoc* capacity.
- G-7.6 This policy applies to any group which 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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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *G-8 BOARD COMMITTEE STRUCTURE*

DATE OF ADOPTION: 06-23-13

A committee is a board committee only if its existence and charge come from the board, regardless whether board members sit on the committee. The only board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

STANDING COMMITTEES

- G-8.1 OTCO Management Review Committee
 - G-8.1.1 Product: Annually evaluate the quality systems of the certification program and prepare a summary recommendation to the full board.
- G-8.2 Audit Committee
 - G-8.2.1 Product: Assist with the selection of an independent financial auditor and serve as primary contact for the auditor during the process of a financial audit.
- G-8.3 Nominations Committee
 - G-8.3.1 Product: Properly screen potential candidates for board membership and make recommendations to the full board on whether to appoint them.
- G-8.4 Financial Investment Committee
 - G-8.4.1 Product: Select investment advisor and proposed an investment plan for the full board's consideration.

Nothing in this policy is intended to supersede the Oregon Tilth By-laws. Should there be any conflict between this policy and the Oregon Tilth By-laws, then the By-laws shall take precedent.



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POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *G-9 COST OF GOVERNANCE*

DATE OF ADOPTION: 06-23-13

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

Accordingly:

- G-9.1 Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - G-9.1.1 Training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.
 - G-9.1.2 Outside monitoring assistance and consulting will be arranged so that the board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.
 - G-9.1.3 Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.
- G-9.2 Costs will be prudently incurred within the context of the organization's budget, though not at the expense of endangering the development and maintenance of superior capability. Costs will be allocated in the following categories, using past references to guide future budget decisions:
 - G-9.2.1 Training, including attendance at conferences and workshops.
 - G-9.2.2 Audit and other third party monitoring of organizational performance.
 - G-9.2.3 Surveys, focus groups, opinion analyses and meeting costs.