



# **COTTON BOARD**

## **POLICIES & PROCEDURES**

### **GOVERNANCE - POLICIES & PROCEDURES**

The purpose of the Governance CB Policies & Procedures is to provide a framework for the internal policies and procedures to be utilized to carry out the governance structure of the organization. These policies and procedures are intended to assist in the efficient and effective operation of the Cotton Board and are intended to comply with Guidelines for AMS Oversight of Commodity Research and Promotion Programs, the Cotton Board Bylaws, as well as decisions of the Cotton Board with respect to governance policies. These policies and procedures are supplemented by an Organizational Charter manual developed internally and maintained by the Director of Oversight and Administration of the Cotton Board that contains job descriptions and responsibilities of officers and committees of the Cotton Board. The Policies & Procedures are approved by the Cotton Board's members. The Organizational Charter manual is developed by Cotton Board staff in consultation with the Cotton Board Governance Committee.

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*Updated & Approved 3/18 (USDA 6/19 & 2/20)*

## **Section GOV 1.0 Member, Alternate & Advisor Ethics Policy**

Approved: 03/18

### **GOV 1.1 Policy**

The Cotton Board requires its Members, Alternates and Advisors to observe the highest standards of business and personal ethics in the conduct of their duties and responsibilities. As representatives of the Cotton Board, Members, Alternates and Advisors should a) practice honesty and integrity in fulfilling their responsibilities, b) comply with all applicable laws and regulations and c) ensure that Cotton Board decisions and actions are based on the best interests of the Cotton Research & Promotion Program (CRPP) and are not influenced by conflicts of interest or other improper considerations.

Professional behavior towards colleagues and Cotton Board staff is an ethical obligation of all Cotton Board Members, Alternates and Advisors.

Members, Alternates, and Advisors should discuss any perceived violations, questions or problems that they may have with these guidelines with the Cotton Board's President/CEO.

### **GOV 1.2 Legal Compliance**

Board Members, Alternates and Advisors shall observe and comply with all laws, rules and regulations of the federal, state and local governments that affect the organization or the CRPP. This specifically includes laws dealing with employment practices, safety, environmental regulation, political involvement, and reports filed with government agencies. All are required to avoid any activities that would involve or lead to the involvement of the Cotton Board in any unlawful practices, and to report to either the Chairman or the President/CEO, any conduct that comes to their attention which violates such rules and principles.

### **GOV 1.3 Conflicts of Interest**

Each Member, Alternate and Advisor of the Cotton Board has a duty to place the interest of the organization foremost in any dealings with or on behalf of the organization. It is understood that the interests of the Cotton Board and the Cotton Research & Promotion Program are one and the same and that such interests, business or otherwise, most often extend to the programs and business activities of Cotton Incorporated.

Each Cotton Board Member, Alternate and Advisor is responsible for disclosing the existence of any financial interest in a business enterprise or transaction which could relate to activities of the Cotton Board and/or Cotton Incorporated and might result in an actual or potential conflict of interest. Including direct or indirect financial interest such as:

- a. ownership or investment interest in any entity with which the Cotton Board/Cotton Incorporated has a transaction, contract, or other arrangement;
- b. a compensation arrangement with the Cotton Board/Cotton Incorporated;
- c. ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Cotton Board/Cotton Incorporated is negotiating a transaction, contract, or other arrangement.

The duty to disclose any actual or possible conflict of interest to the Cotton Board is continuing in nature. Thus, anyone who believes that an actual or potential conflict of interest may arise in connection with a future transaction, contract or arrangement shall immediately report this information to the Cotton Board.

### **GOV 1.4 Use or Disclosure of Confidential Information**

Maintaining confidentiality is a critically important duty, both to our stakeholders and to the organization. Information which is proprietary to the Cotton Board, Cotton Incorporated or the Cotton Research & Promotion Program in general must never be disclosed to persons outside the Cotton Board for any reason whatsoever, or used for any purpose other than as authorized by the Cotton Board in the course of its business or as required by law. Our confidentiality requirement means, among other things, that Members, Alternates and Advisors must:

- a. Refrain from discussing non-public business matters with outside sources;
- b. Take care that faxes, letters and emails are directed to the correct recipient at all times; and,
- c. Not engage or assist in the unauthorized use or disclosure of confidential or privileged information obtained in connection with service as a Member, Alternate or Advisor of the Cotton Board.

The confidentiality obligation is intended to survive any termination or expiration of membership with the Cotton Board.

**GOV 1.5 Use of Cotton Board Resources**

Members, Alternates and Advisors are authorized to use the Cotton Board’s resources and property solely for the Cotton Board’s benefit, not for personal benefit of any individual. Cotton Board time, facilities, equipment or supplies may not be used for private purposes.

**GOV 1.6 Gifts**

Members, Alternates and Advisors should not seek or accept moneys, gifts or favors from anyone, seeking to do business with the Cotton Board/Cotton Incorporated, that might influence, or appear to influence, his or her judgment in representing the Cotton Board.

**GOV 1.7 Unauthorized Commitments**

No Member, Alternate or Advisor of the Board shall have the authority to commit the Board unless such authority has been duly delegated.

**GOV 1.8 Acknowledgement**

Annually, Members, Alternates and Advisors are required to review this policy and attendant guidelines and disclose any existing or potential conflicts of interest as a condition of their service on the Board.

I have read, understand, and agree to comply with the Cotton Board’s policy concerning ***Member/Alternate/Advisor Ethics***. Except for the matters discussed below, I certify that to the best of my knowledge I am not now violating any of these policies, nor will I do so in the future, nor am I aware of any present violations of these policies.

I am aware of the following matters or situations that are or may be considered a conflict of interest as explained within the Cotton Board’s ***Member/Alternate/Advisor Ethics*** policy (***If you are aware of none, write “None”***). If more space is needed, attach additional pages.):

**Print Name**

**Signature**

**Date**

## Section GOV 2.0 Board Diversity

Approved: 03/18

### GOV 2.1 Policy

The Cotton Board supports diversity among its board membership as well as the diversity goals outlined within the USDA/AMS Oversight Guidelines for Commodity Research and Promotion Programs.

### GOV 2.2 Board Diversity Statement

The Cotton Board seeks to promote diversity and ensure equal opportunity and inclusion for all those who qualify for nomination and appointment to the Cotton Board regardless of race, ethnicity, sex, disability, socio-economic status, religion or sexual orientation. Further, the Board strongly encourages certified organizations to keep in mind the benefits that diverse membership and leadership will bring to the Cotton Research & Promotion Program, when considering individuals for nomination to the Cotton Board.

### GOV 2.3 Nomination and Appointment of Members, Alternates & Advisors

The *Nomination and Appointment* of Members, Alternate Members and Advisors to the Cotton Board is a process governed almost exclusively by the Cotton Research and Promotion Act and Order. Nominees are selected by organizations (CIOs & CPOs) certified by USDA as being duly representative of the Program's range of stakeholders, and appointments are made by the Secretary of Agriculture from among such nominees.

While the organization exercises only limited influence throughout this process, the Cotton Board is in the position to make recommendations to certified organizations regarding "qualifications" for membership. It is in this way and by regularly communicating the importance and value of diversity and offering to support the efforts of individual certified organizations; that the Board will encourage diversity among the candidates for nomination and appointment.

#### 1. Policies & Procedures

- a. The Cotton Board will maintain and periodically review a policy statement promoting the diversity of board membership.
- b. The Board will periodically review and consult with USDA/AMS regarding the department's diversity guidelines and objectives.
- c. The Board will maintain and support a term-limit policy which facilitates greater opportunities for fresh leadership and perspectives.
- d. The Governance Committee may appoint an *ad hoc* subcommittee on Diversity and Inclusion to oversee the diversity and inclusion efforts of the Cotton Board. Such subcommittee will report to the Governance Committee and review reports and actions of the Cotton Board concerning diversity and inclusion.

#### 2. Nomination & Appointment Process

- a. The Cotton Board will annually communicate its own statement re: Board diversity and USDA/AMS diversity guidelines and objectives to those certified organizations scheduled to participate in annual nominating caucuses.
  - i. A conference call may be conducted by the Cotton Board's Chairman with all CIO/CPO representatives in order to review diversity efforts and objectives.
  - ii. The policies and guidelines above will be communicated via a letter from the Board's Governance Committee Chairman, prior to nominating caucuses each year.
- b. Upon request, the Board will be available to assist any certified organization to determine demographic and other diversity characteristics within their respective state, region or segment.

- c. The Cotton Board will solicit nominations from certified nominating organizations and third-party organizations representing a significant number of cotton producers or importers for a limited number of Advisor positions to be recommended to the Secretary of Agriculture for the purpose of providing insight on production, promotional, and research issues affecting minority or under-represented producers. The Governance Committee will oversee this process and determine the number of Advisor nominations to be submitted to the Secretary of Agriculture. *(See Policy Re: Cotton Board Advisors)*

### 3. Benchmark & Review

- a. The Cotton Board will periodically conduct an assessment of its diversity and inclusion efforts to evaluate its effectiveness and identify areas in need of attention. This report will be reviewed by the Governance Committee and submitted to the Secretary of Agriculture as a part of the annual nomination process.

## **Section GOV 3.0 Board Development - Board Composition**

Approved: 03/18

### **GOV 3.1 Purpose**

Policies and procedures related to the Board's composition are intended to ensure that the Cotton Board and the Cotton Research & Promotion Program are governed by capable and qualified stakeholder representatives who possess appropriate skill sets and expertise, knowledge or experience to further the strategic goals of the Board consistent with its mission and vision. And further, to facilitate the Board's continuous revitalization and the availability of fresh perspectives.

### **GOV 3.2 Policy**

The Cotton Board will annually assess its membership and make recommendations to Certified Producer and Importer organizations, as well as the Secretary of Agriculture, concerning the qualities and qualifications of prospective Board nominees.

### **GOV 3.3 Term Limits**

The Board will request annually that certified organizations voluntarily limit the number of consecutive terms a Member may be eligible for nomination and appointment to three.

### **GOV 3.4 Needs Assessment**

The Cotton Board will periodically review its composition to identify specific areas or issues requiring particular skill sets, expertise, knowledge or experience.

The Cotton Board's Governance Committee will conduct the assessment and report its findings to the full board prior to communicating such recommendations to certified organizations or the Secretary of Agriculture.

### **GOV 3.5 Membership Qualities and Qualifications**

The Cotton Board will annually review and evaluate a list of personal characteristics, competencies, qualities, etc. intended to guide certified organizations in their selection and nomination of stakeholder representatives for appointment or re-appointment to the board. Similarly, the board will annually review and evaluate a list of more specific "qualifications" for the same purpose.

These qualities and qualifications will be communicated to the leadership of each certified organization prior to annual nominating caucuses. The list of qualifications will also be copied to the Secretary of Agriculture.

## Section GOV 4.0 Board Development - Member/Alternate Orientation

Approved: 03/18

### GOV 4.1 Orientation Purpose

The Cotton Board recognizes that in order to effectively pursue both the organization's vision and mission, it must ensure that the Program is governed by engaged and informed leadership, i.e. Cotton Board Members and Alternate Members. The orientation of new Members and Alternate Members serves as the critical first step in meeting this obligation.

### GOV 4.2 Orientation Policy

New Members and Alternates will be offered a structured orientation program to help them participate fully on the Board as quickly as possible. The Board requests that all new Members and Alternates participate in each stage of the orientation program within two years of their appointment.

Members and Alternates who have been re-appointed to the Board are encouraged to repeat all stages of the orientation program as well.

### GOV 4.3 Orientation Program & Guidelines

The Cotton Board's orientation program will consist of the following:

- a. **Initial Orientation.** This meeting will take place each year prior to the Board's first regular meeting.
- b. **Cotton Incorporated Orientation.** Opportunities will be held each year at Cotton Incorporated offices to provide participants with a more detailed explanation of Cotton Incorporated's functions and operations.

The Cotton Board's Governance Committee will periodically review and evaluate the organization's orientation guidelines including program objectives, content, supporting materials, location, etc.

### GOV 4.4 Board Mentors

Members and Alternates who are new to the Board will be assigned an existing Member or Alternate to act in a mentoring capacity. The purpose of a mentor is to provide introduction, guidance and support to a new Member or Alternate during their first year on the Board. Specific responsibilities may include:

- a. An initial welcome call following the announcement of a new appointee.
- b. Introduction of new Member/Alternates to other Board members or the full Board during their first meeting.
- c. Following up with new Member/Alternates after their initial orientation program to help with any remaining questions.
- d. Be available throughout the year to answer questions or discuss issues related to Board or Committee work.

Board Mentors will be appointed by the Governance Committee and serve in that capacity for the first year of a new Member or Alternates service on the Board.

- a. An existing Member/Alternate must be advised and consent to serve as a mentor prior to being assigned.
- b. In assigning mentors, the Governance Committee will make an effort to pair new members with those existing Members/Alternates who share similar committee assignments.

## Section GOV 5.0 Member/Alternate Attendance

Approved: 03/18

### GOV 5.1 Purpose

The Cotton Board recognizes that effective governance of the Cotton Research & Promotion Program requires both reliable and well-informed leadership. In addition, the Board believes that regular meeting attendance is essential to ensuring the continuity and cohesion of that leadership.

The purpose of this policy is to encourage Members, Alternate Members and Advisors to attend Cotton Board and committee meetings on a regular basis and to provide the organization with the procedures for dealing with a Member or Alternate's failure to meet basic attendance expectations.

For the purpose of this policy:

- Cotton Board meetings shall include the three full Board meetings held in March, August and December of each year.
- Committee meetings shall include announced meetings of all Cotton Board Standing, Program and special or ad hoc committees.

### GOV 5.2 Meeting Attendance Policy

- a. Cotton Board Members are expected to attend all Cotton Board meetings. Members who are absent from two consecutive meetings or four non-consecutive meetings during the course of a three-year term may be subject to action by the Board.
- b. Alternate Members and Advisors are encouraged to attend all Cotton Board meetings. Alternates and Advisors who are absent from three consecutive or five non-consecutive meetings during the course of a three-year term may be subject to action by the Board.
- c. Members, Alternate Members and Advisors appointed to an unexpired term, are subject to the same attendance requirements - to be adjusted accordingly.
- d. Cotton Board Members are expected to attend all meetings of Committees to which they are assigned. This includes meetings held via teleconference or online. Members who are absent from two consecutive committee meetings may be subject to action by the Board.
- e. Committee attendance requirements do not apply to Alternate Members and Advisors.

### GOV 5.3 Excused Absences

It is recognized that Members, Alternate Members and Advisors may be unable to attend some meetings due to conflicts or other unforeseen circumstances. For that reason, the Board will consider excusing some absences.

- a. Except in cases of emergency, Cotton Board Staff must be notified in advance of the missed meeting in order for an excused absence to be considered.
- b. A Member should notify his/her Alternate if they are unable to attend a meeting.
- c. An excused absence may include but is not limited to: professional obligations, personal illness, medical treatment, death or severe illness of a family member.

### GOV 5.4 Failure to Meet Attendance Requirements

1. It shall be the responsibility of the Governance Committee to monitor Board attendance, excuse absences, notify Members, Alternate Members and Advisors of potential attendance concerns and initiate any necessary corrective action.
2. Voluntary Resignation
  - a. Members, Alternate Members and Advisors unable to adhere to the attendance requirements stated in this policy may be asked to voluntarily submit their resignation to the Secretary of Agriculture.

- b. Once a Member, Alternate or Advisor has failed to comply with established attendance requirements, the Governance Committee will notify them by letter that further action will be considered during the Committee's next regular meeting. They will be invited to submit a written explanation or appear before the Committee in person. Proceeding with a request for resignation shall require a 2/3 vote of the Committee. The Committee will conduct this process in Executive Session. Failure to achieve a 2/3 vote of the Committee will effectively end the process.
  - c. Upon receiving a 2/3 vote of the Governance Committee, requests for voluntary resignation will be recommended to the full Board for final approval. Approval shall require a 2/3 vote of the Board. The Board's consideration and action on such recommendations shall occur in Executive Session. Failure to achieve a 2/3 vote of the Board will end the process.
  - d. Once approved by the Board, a letter requesting the Member or Alternate to voluntarily submit his/her resignation to the Secretary of Agriculture will be prepared by staff and signed by the Cotton Board Chairman. Appropriate instructions and USDA information will be included with the request.
3. Pattern of Absenteeism. If a Member establishes a pattern of absenteeism, including excused absences, the Chair may initiate through the Governance Committee a request for that Member's resignation from the Board.

#### **GOV 5.5 Notification**

Certified Importer and Producer organizations will receive annual notices informing them of their representative's attendance history.

The Secretary of Agriculture will receive a complete attendance history of all those Members, Alternate Members and Advisors being considered for re-appointment to the Board.

## **Section GOV 6.0 Member/Alternate Travel & Reimbursement**

Approved: 03/18

### **GOV 6.1 Policy**

Cotton Board Members and Alternates serve without compensation and devote numerous hours of personal and business time to fulfill their fiduciary responsibilities to the Cotton Research and Promotion Program and the Cotton Board. It is, therefore, incumbent upon the Cotton Board to provide efficient and comfortable support for Board members and alternates when they are engaged in Board business. At the same time, consideration must be given to economic factors. The procedures outlined below have been developed to afford quality travel arrangements, while at the same time carefully allotting the funds necessary to cover this business expense and have a clear understanding for reimbursement. This policy will apply to all Members, Alternates, Advisors and invited guests. Expenses should be evidenced by original, electronic itemized receipts, unless an exception is granted by the SVP/CFO.

### **GOV 6.2 Commercial Air Travel**

1. All Board Members and Alternates are strongly encouraged to book all flights through the Cotton Board's Travel Agent. In doing this, we will greatly reduce administrative time and cost for both the Members and Cotton Board Staff in addition to the many financial benefits working with a travel agency provides.
2. In the case of all domestic flights, non-first-class air travel reservations must be made. There will be no reimbursement provided for any first-class ticket.
3. For all international flights, use the most economical method of travel consistent with the total trip arrangements, time tables and work efficiency. In cases of international travel, the use of U.S. carriers is preferred but not mandatory.
4. In the case of combined personal/business and Board travel, the Cotton Board will reimburse or pay up to the cost of the lowest coach class fare actually available for direct, non-stop flights from the airport nearest the individual's home or office to the airport nearest the destination. All such cases should follow accepted booking practices and include appropriate documentation.
5. Board Members and Alternates should at a minimum make air travel reservation at least two weeks in advance to reduce travel costs when at all possible.
6. When submitting an Expense Report for reimbursement of air travel expenses, documentation from the airline and/or travel agent evidencing payment must be attached to the Report.
7. All Members, Alternates, Advisors and staff are insured under a Cotton Board blanket travel life policy for \$250,000. Additional insurance will not be reimbursed.
8. Because most airlines are now charging for baggage, the Cotton Board is requesting that each Member/ Alternate check a maximum of two (2) bags when traveling.

### **GOV 6.3 Personal Airplane**

Use of private aircraft will be reimbursed according to the current U.S. General Services Administration (GSA), Privately Owned Vehicle (POV) mileage reimbursement rate pertaining to private airplanes. The reimbursement amount will be limited to the lesser of the (POV) mileage reimbursement amount or the cost of a commercial flight from the member's home airport to the meeting location airport. The Board's travel life insurance coverage does not extend to travel by personal aircraft.

### **GOV 6.4 Ground Transportation**

1. Personal Automobile - Use of personal automobiles is reimbursed at a mileage rate established by the IRS. (Subject to IRS regulation). Reimbursement will be made up to the amount that it would have cost to fly.

2. Rental Car - Car rentals will only be utilized when other transportation is not available or the cost of a rental is less than alternative transportation. Should Board Members choose to rent a car for personal convenience, reimbursement will be made only up to the amount of the cost of a taxi to/from the meeting site. Receipt for the car rental must be submitted as part of the expense report.
3. Taxi/Uber/Shuttle services are preferred over car rental.
4. Reimbursement will be made for other forms of ground transportation, including bus, train or Airport Shuttle.

#### **GOV 6.5 Hotel Accommodations**

1. Lodging expenses shall be reasonable and should be at rates comparable to a standard, single-occupancy room at a rational business-class hotel chain unless justified by the Board. Reimbursement for the cost of the hotel accommodations shall be supported by an original receipt issued by the hotel.
2. Regular Meeting Accommodations - Hotel accommodations for scheduled Cotton Board meetings will be directly billed to the Cotton Board and limited to those evenings with regularly scheduled sessions the following morning. Reimbursable exceptions should be based on limited flight availability and documentation provided with the submitted expense report.

#### **GOV 6.6 Meals/Entertainment**

1. Meals for which reimbursement is sought should be reasonable and moderate. All "Meals/Entertainment" expenses irrespective of amount should be accompanied by an itemized receipt. The following should be used as a guide:

Breakfast - \$50

Lunch - \$75

Dinner - \$150

Meal cost in excess of the above guide may be approved by the CEO or CFO.

2. Any meal for two or more people will require additional information as to the purpose and individuals' names and affiliations.
3. Spouse/Guest Meal Reimbursement - Board Members and Alternates will be required to reimburse the Cotton Board for spouse/ guest expenses during the course of a regular Cotton Board meeting. Spouse/guest participation in organized meals will be billed to Members/ Alternates following the meeting.
4. Regular Meeting Meals - It is important to notify staff when planned meal functions will not be attended by you and/or your spouse so that an accurate meal count can be given to the vendors/caterers. All meetings require a guaranteed number of attendees; if you subsequently decide not to attend, the Board is still responsible for payment. Therefore, please notify staff of your arrival and departure times in order to plan correct meal counts. Please note that the Cotton Board will not accept restaurant receipts if you have not cancelled your reservation at scheduled Meeting events before you arrive to the meeting location.

#### **GOV 6.7 Open Bars**

The Cotton Board will not provide, at its own expense, open bars before or after Board functions.

#### **GOV 6.8 Non-Reimbursable Travel Expenses**

The Board will not reimburse for the following travel expenses:

1. Hotel in-room movies;
2. Health spas or clubs

3. Any items purchased from hotel mini-bar unless there is no other opportunity at the hotel for soft drinks/snacks. Please note: alcohol from the mini-bar is never permissible.
4. Expenses for persons other than the Board Member (e.g., for spouse and/or children);
5. Golf- (Exceptions: If the price for the golf is included in the registration price for a meeting or conference; the game is paid for using sponsorship dollars rather than check-off funds; the game is approved by the President/CEO.);
6. Laundry (five (5) days or less);
7. Personal charges, such as magazines, clothing, other entertainment etc. These charges should be circled on the bill, or preferably, not submitted.

#### **GOV 6.9 Receipts**

1. Receipts are preferred for all expenditures. Any expenditure over \$25.00 per transaction should be accompanied by an original receipt.
2. The Cotton Board understands there are specific circumstances when receipts are not provided (i.e. bell/valet tips). In such cases or if receipts are lost, the SVP/CFO may determine if reimbursement is otherwise appropriate under these guidelines.
3. All credit card receipts must be accompanied by itemized receipts for reimbursement. Detailed receipts are often not available for room service meals although every attempt should be made to get a detailed receipt. In the event that is not possible, the hotel receipt should be submitted.
4. Any receipts lacking proper itemization shall be brought to the attention of the SVP/CFO.

#### **GOV 6.10 Reimbursement / Expense Report**

1. Each Member, Alternate, Advisor and invited guest must file a completed expense report with appropriate back-up documentation (e.g., airline tickets, restaurant charges, etc.) detailing expenses for which he/she is seeking reimbursement.
2. All Expense Reports should be turned in within 30 days of the expense being incurred. Please note: all Expense Reports MUST be received by February 28<sup>th</sup> for the previous year. Otherwise, expenses will not be reimbursed.
3. The SVP/CFO will determine whether the Report is reimbursable under these guidelines. The SVP/CFO will review Report details and documentation to ensure all charges are valid and business-related and may require additional explanation and/or documentation.

#### **GOV 6.11 Audit and Review**

All expenses are subject to periodic and random review by the Board's Independent Auditors (during the Board's annual audit), by USDA, and are subject to the Freedom of Information Act (FOIA).

#### **GOV 6.12 Former Chairs - Meeting Attendance**

All Former Cotton Board Chairs will be invited to attend the Board's March meeting each year. The Cotton Board will provide reimbursement of travel/meeting expenses, consistent with Board Travel & Reimbursement policies, to former Cotton Board Chairs for a period of five years after the expiration of their term as Immediate Past Chair.

## Section GOV 7.0 Selection & Rotation of Officers & Expanded Leadership

Approved: 03/18

### GOV 7.1 Purpose

This policy and attendant procedures are meant to accompany the existing terms and conditions found within the organization's bylaws **Article IV Sections 1-2** which provide for the annual election of Cotton Board officers. These guidelines will provide for the organized rotation and nomination of those elected positions.

In addition, this policy will accompany the existing terms and conditions found within the organization's bylaws **Article VII Section 2** which establishes an Executive Committee and the membership thereof. These guidelines will govern the election of At-large members to the Executive Committee.

### GOV 7.2 Policy

Annual nomination of the Cotton Board's four elected officers; Chair, Vice-chair, Secretary and Treasurer, and At-large Executive Committee members shall be considerate of the following:

- a. Selection and rotation of officers should ensure continuity and preparedness among the Board's officer leadership.
- b. The Board's selection and rotation of officers should result in the leadership's continuous revitalization and facilitate greater opportunity for Members to serve in leadership positions.
- c. The five leadership positions to include the Board's elected officers and the Immediate Past Chair should reflect equitable representation from among the Board's two segments; importer and producer.
- d. Membership of the Board's Executive Committee should reflect equitable representation from among the Board's importer and producer segments, and at least one representative from each cotton producing region.

### GOV 7.3 Nominating Guidelines

Each year, a *Nominating* Subcommittee of the Governance Committee shall be empowered by the Board to render nominations for the Cotton Board's four elected officer positions and if necessary, At-Large Executive Committee positions.

#### 1. Cotton Board Officers

In addition to the requirements specified within the Cotton Board's bylaws, the Nominating Subcommittee shall adhere to the following guidelines when selecting officer nominees:

- a. The positions of Vice Chair, Secretary and Treasurer shall be designated as "ladder" positions, establishing an understood but not definite line of succession to the Chairmanship.
- b. To achieve equitable segment representation among the officers and Immediate Past Chair, a rotation model should exist which allocates positions in a manner generally proportionate to the Board's segment composition. The balance between Producer and Importer segments will be periodically reviewed to account for any significant shifts in membership.

#### 2. Executive Committee

In addition to the requirements specified within the Cotton Board's bylaws, the following guidelines shall apply to the composition of the Board's Executive Committee:

- a. At-large members may be elected by the full Board for the following reasons:
  - i. to affect a generally equitable balance between importer and producer members and

- ii. to ensure that each of the four defined producer regions has representation on the Committee.
  - b. Not more than two At-large Committee members may be elected by the full Board.
  - c. At-large members shall serve for a term of one year to begin at the time of election and may not serve more than two consecutive terms.
  - d. In the event an At-Large position becomes vacant or circumstances arise between regular elections which provide adequate reason, an At-large member may be elected by the Board, as soon as practicable, to serve for the remainder of the term.
3. Nominating Procedure
- a. The *Nominating Subcommittee* will, prior to the Governance Committee's regular session in August, meet to decide on a slate of nominees.
  - b. During the Governance Committee's regular session in August, the *Nominating Subcommittee* will report its recommended slate of nominees for approval by the full Committee.
  - c. The *Nominating Subcommittee* will report its proposed slate of officer nominees and if necessary At-large Executive Committee nominees to the full Board in August.

#### **GOV 7.4 Board Officers & Standing Committees**

Officers of the Board, other than the Chairman, shall serve as Vice Chairs of the Board's three Standing Committees as follows:

- Board Vice Chair to serve as Vice Chair of Operations Committee
- Board Secretary to serve as Vice Chair of Governance Committee
- Board Treasurer to serve as Vice Chair of Strategic Assessment Committee

## **Section GOV 8.0 Chief Executive Succession**

Approved: 03/18

### **GOV 8.1 Policy**

A change in executive leadership is inevitable for all organizations. Therefore, it is the policy of the Cotton Board to be prepared for an eventual permanent change in leadership - either planned or unplanned - to ensure the stability and accountability of the organization until such time as new permanent leadership is identified. The Cotton Board's Governance Committee shall be responsible for overseeing the implementation of this policy and its related procedures.

### **GOV 8.2 Executive Committee Authority**

Once it is established that the position of chief executive officer (CEO) will be vacated, the Cotton Board's Executive Committee under the leadership of the Cotton Board's Chair, shall be granted the authority to direct and implement the actions outlined within this policy.

### **GOV 8.3 Interim Leadership**

To ensure the organization's operations are not interrupted, while the Board assesses the leadership needs and recruits a permanent executive officer, the Executive Committee will appoint interim executive leadership as described below. The interim chief executive officer shall ensure that the organization continues to operate without disruption and that all organizational commitments previously made are adequately executed.

- a. Prior to the Board's public or internal acknowledgement of a change in the chief executive position, the Executive Committee will identify an interim CEO. The interim CEO may be selected according to management's existing succession plan (for instance, a Senior/Executive Vice President already acknowledged as the second ranking executive) or the Executive Committee may choose from among the organization's Vice Presidents.
- b. The interim CEO will temporarily assume the same routine duties and authority as the CEO. Non-routine decisions of significant importance, such as hiring and/or termination of staff, shall require advance approval of the Executive Committee.
- c. The Executive Committee will have the authority to negotiate a temporary adjustment in the interim CEO's compensation, without approval by the full Board, provided that any supplemental compensation is temporary and will impact the organization's *Staff Salaries* operating budget such that the annual budget would not exceed the approved line item by twenty percent (20%) or more.

### **GOV 8.4 Needs Assessment/Qualifications**

It is also the policy of the Board to assess the permanent leadership needs of the organization to help insure the selection of a qualified and capable leader who is representative of the industry, a good fit for the organization's mission, vision, values, goals and objectives, and who has the necessary skills for the organization.

- a. Prior to the initiation of a formal recruitment and selection process, the Executive Committee or designee/s will direct a thorough survey of Cotton Board Members, Alternates and management staff to determine an accurate assessment of the organization's executive needs. If so determined, this survey may include industry representatives from outside the organizations.
- b. Prior to the initiation of a formal recruitment and selection process, the Executive Committee or designee/s will prepare a working job description and attendant qualifications for review and comment by the full Board.
- c. It is expected that any agreed upon search process will include a thorough vetting of prospective candidates - to include the following background and reference information: employment and educational histories; criminal and credit reports; drug and psychological screening.

### **GOV 8.5 Chief Executive Search/Recruitment**

It is the policy of the Cotton Board to develop a diverse pool of candidates for its permanent CEO position. The Cotton Board may implement an external recruitment and selection process, while at the same time encouraging the professional development and advancement of current employees.

1. An Executive Search Committee (ESC) may be appointed by the Executive Committee to coordinate and facilitate the recruitment process.
  - a) Members of the ESC shall be appointed by the Board Chair and approved by the full Board. Membership should be generally proportionate to the Board's segment composition. The Board Chair shall name the ESC Chairman.
  - b) The ESC will report directly to the Executive Committee and as necessary to the full Board.
  - c) The ESC will work with the Executive Committee to establish a budget and time frame for the search and recruitment process.
  - d) The ESC may recommend to the Executive Committee the selection of any outside consultants necessary to implement an effective and thorough search and recruitment process. In such a case, the ESC will conduct an appropriate RFP process (according to CB policies and procures re: professional services).
  - e) The ESC is responsible for providing the Executive Committee with acceptable finalist/s for the position with recommendation.
2. The interim CEO and any other interested internal candidates are encouraged to submit their qualifications for review and consideration by the Executive Search Committee according to the guidelines established by the Committee for the search and recruitment process.

### **GOV 8.6 CEO Selection**

The Executive Committee, acting on behalf of the full Board, shall have the authority to select a new CEO from among the list of finalists provided by the ESC or to request a continuation of the search process.

1. The Executive Committee or any Committee member may request information and/or interviews with prospective candidates - beyond what has been collected or performed by the ESC.
2. The Committee has the authority to negotiate terms of employment with the agreed upon candidate and may retain counsel for that purpose. The resulting Employment/Management contract must be approved by the full Board or Executive Committee acting on behalf of the Board (in Executive Session) and by the USDA.

### **GOV 8.7 Communications Concerning Succession Process**

The Board is committed to ensuring the transparency of any and all actions attendant to the succession process.

1. Retirement, resignation or termination of the CEO, as agreed to by the Executive Committee (acting on behalf of the Board) shall be communicated immediately by the Chair to the full Board by means most practical.
2. Stakeholders will be notified of the Succession/Search process via press release - which, if possible, shall include identification of interim leadership and designation of the ESC.
3. The Executive Committee and/or ESC shall inform the full Board of the process and schedule by which a search will be conducted and provide the full Board with regular updates on the search status.

### **GOV 8.8 Budget Considerations - Succession Process**

The Executive Committee is granted budget authority to conduct a search process within the parameters of Board policy; including a) retention of outside search consultants and legal counsel, b) new employment contracts (compensation) or other salary adjustments.

1. The Board, or the Executive Committee acting on its behalf, must review and approve any line item budget increases to exceed 20%.
2. A final cost analysis of the process will be compiled and a report issued to the full Board within 2 months of completion.

#### **GOV 8.9 Executive Transition**

The Board will ensure that a new CEO is oriented and provided with appropriate Board guidance and support through the agreed upon transition period.

1. The Executive Committee or its designee shall work with the CEO to prepare a list of agreed upon transition goals as well as immediate goals and objectives facing the organization.
2. The Executive Committee may appoint an ad hoc mentor group which should include some representation from the ESC and the Board's Compensation Sub-committee. This group will meet regularly with the CEO according to an agreed upon schedule to review and discuss his/her transition and attendant issues. The group is not intended to evaluate nor required to report but may do so if agreed.
3. Staff will prepare and coordinate an orientation program and schedule, in agreement with the new CEO.

## **Section GOV 9.0 Use of Electronic Technology**

**Approved:** 03/18

### **GOV 9.1 Purpose**

The Cotton Board recognizes that ceasing or significantly curtailing the use of paper and moving routine communication, information and documentation needed for Cotton Board meetings to an all-electronic format will allow Members/Alternates improved access to the most up-to-date communications, information and meeting materials. In addition, transition to such a format will create efficiencies, save money, strengthen the ability to manage confidential materials and, over the long term, have a positive environmental impact.

### **GOV 9.2 Policy**

All Members, Alternates and Advisors of the Cotton Board are required to have an iPad or similar device, as approved by the Cotton Board Director of Information Technology. In exceptional circumstances, as determined by the CEO, an approved device may be provided.

## Section GOV 10.0 Cotton Board Advisors

Approved: 03/18

### GOV 10.1 Purpose

Policies and procedures, related to the Board's authority to select and nominate *Advisors* for appointment by the Secretary of Agriculture, are intended to assist the Board in broadening its expertise and perspectives with respect to consumer activity, safety concerns, agricultural research needs, product research needs, and specific producer needs - including additional insight on production, promotional, and research issues affecting minority, young, and under-represented cotton producers.

### GOV 10.2 Background

Section 7 of the Cotton Research & Promotion Act states that the Secretary of Agriculture "may appoint a number of "consumer advisors" to the Cotton Board not to exceed 15 per centum of the membership..." With the current number of members on the Cotton Board, the Secretary could appoint up to 5 consumer advisors. In appointing past consumer advisors, the Cotton Board has presented the Secretary of Agriculture with two nominees for each position and the Secretary has chosen the advisor. The Cotton Board has nominated consumer advisors to the Secretary of Agriculture using this authority for over 30 years.

Informal letters and memorandum have been issued by officials within the Agricultural Marketing Service discussing possible criteria to be used by agricultural promotion boards when nominating such "public members." However, no regulations have ever been proposed or adopted setting for specific procedures for the appointment of advisors.

### GOV 10.3 Policy & Procedures

The Board will select and nominate candidates to serve in either of two categories of advisors, namely, Advisor for Apparel and Products or Advisor for Diverse Perspectives.

### GOV 10.4 Advisor for Apparel and Products

The Advisor position for Apparel and Products is a non-voting advisor to the Board appointed by the Secretary to serve for a term of three years. Expenses for travel and other required participation is reimbursed in the same manner as Board Members and Alternates. He/she will be invited to attend the three regular Cotton Board meetings held each year. All advisors will be assigned to Program and other committees of the Cotton Board, similarly to members and alternates.

1. General Criteria. The general criteria for the Advisor for Apparel and Products is as follows:
  - a) The nominee should demonstrate significant background within the apparel or home furnishing supply chain from textiles forward; knowledge of fiber and textile construction and trends; background in marketing and advertising; knowledge of consumer products and consumer preferences and trends; background in cotton product processing methods and practices; or knowledge of environmental impacts of production or processing of cotton or cotton products.
  - b) The nominee should demonstrate a willingness to participate in the work of the Cotton Board and to use his/her perspective to increase the credibility of public information and accountability.
  - c) The nominee should not be an employee of, or have an interest in, any individual or company that has representation on the Cotton Board.
  - d) The nominee should enhance the work of the Cotton Board by either helping represent consumer interests and the interest of the general public, or by presenting new perspectives and information to the Cotton Board concerning consumer preferences or impacts, environmental and processing impacts and issues, and other perspectives that will contribute to the Cotton Board's overall mission.
  - e) The nominee may not be a registered lobbyist.

## 2. Search and Nominating Process

- a) The search for an Advisor for Apparel and Products will be conducted by the Cotton Board staff, with input from interested organizations and individuals.
- b) Whenever there is an opening in this position, staff will consult with the Cotton Board Governance Committee and propose a process and timeline for the solicitation and review of candidates, then advancement of nominees to the full Board for recommendation to the Secretary of Agriculture.
- c) The Cotton Board may submit two (2) nominee/s to the Secretary of Agriculture (first choice, second choice) for each advisor position to be filled.
- d) The nominations will be submitted as a part of the Secretary's normal appointment process for Cotton Board members and alternates.

### **GOV 10.5. Advisor for Diverse Perspectives**

The Advisor for Diverse Perspectives is a non-voting advisor to the Board appointed by the Secretary to serve for a term of three years. Expenses for travel and other required participation is reimbursed in the same manner as Board Members and Alternates. He/she will be invited to attend the three regular Cotton Board meetings held each year. All advisors will be assigned to Program and other committees of the Cotton Board, similarly to members and alternates.

#### 1. General Criteria. The general criteria for the Advisor for Diverse Perspectives is as follows:

- a) The nominee should demonstrate a significant background and knowledge of the cotton industry, specifically issues affecting minority, young, or under-represented cotton producers and consumers within the cotton industry.
- b) The nominee should demonstrate a willingness to participate in the work of the Cotton Board and to use his/her perspective to provide insight on production, promotional, and research issues affecting minority, young, and under-represented cotton producers or consumers.
- c) The nominee should not be an employee of, or have an interest in, any individual or company that has representation on the Cotton Board.
- d) The nominee should enhance the work of the Cotton Board by helping represent the interests of minority, young, or under-represented cotton producers or of similarly situated members of the public by presenting new, diverse perspectives and information to the Cotton Board concerning the impact of its programs on minority, young, or under-represented cotton producers or consumers and other perspectives that will contribute to the Cotton Board's overall mission.
- e) The nominee may not be a registered lobbyist.

#### 2. Search and Nominating Process

- a) The Cotton Board will periodically solicit nominations for Advisors for Diverse Perspectives for the Cotton Board. Certified Producer and Importer Organizations and other interested trade associations with a significant number of members who produce cotton or are involved in the importation of cotton and cotton products, as determined by the Cotton Board, will be asked to submit nominations of individuals who meet the criteria established by the Cotton Board for these positions.
- b) The Cotton Board's Governance Committee will review all nominations received and submit recommendations to the full Board. The Cotton Board may submit two (2) nominee/s to the Secretary of Agriculture (first choice, second choice) for each advisor position to be filled. The nominations will be submitted as a part of the regular member/alternate appointment process for Cotton Board Members and Alternates.
- c) Whenever there is an opening in this position, staff will consult with the Governance Committee and propose a timeline for submitting nominations to the Secretary of Agriculture.