

Produce for Better Health Foundation

POSITIONS, POLICIES & PROCEDURES MANUAL

Spring 2011

PBH Positions, Policies, & Procedures Manual

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Historical Perspective

The Produce for Better Health Foundation (PBH) is a non-profit 501 (c) (3) consumer education Foundation whose mission is to lead people to eat more fruits and vegetables because it matters for their better health.

In May 1991, PBH was formed to serve as co-sponsor, along with the National Cancer Institute (NCI), of the 5 A Day for Better Health program with the primary purpose of overseeing industry participation. What began with the support of 60 produce industry companies and commodity boards, has today grown to serve over 400 donors and licensees representing growers, shippers, packers, merchandisers, commodity boards, trade associations, food industry organizations, health professionals, and retailers reaching consumers in 30,000 supermarkets nationwide.

In January 2001, the 5 A Day program expanded beyond PBH and NCI to include other key organizations committed to leveraging the reach of 5 A Day under the National 5 A Day Partnership. In 2005 NCI transferred lead federal agency and health authority for the 5 A Day program to the Centers for Disease Control and Prevention (CDC). Today, PBH and CDC co-chair the National Fruit & Vegetable Alliance, formerly known as the National 5 A Day Partnership, consisting of government agencies, non-profit organizations, and industry working in collaboration to increase consumption of fruits and vegetables for improved public health.

The National Fruit & Vegetable Alliance is the nation's largest public-private nutrition education initiative with coordinators in each state, territory, and the military. In response to the new *Dietary Guidelines for Americans*, PBH and the National Fruit & Vegetable Alliance Steering Committee developed a new brand identity: Fruits & Veggies—More Matters® that supports the recommendations of the new dietary guidelines of eating more servings of fruits and vegetables. Consumer research reveals that the new brand is a rallying cry of relevance to consumers. The official launch of Fruits & Veggies—More Matters occurred March 2007. Over time Fruits & Veggies—More Matters will replace “5 A Day”.

PBH Bylaws

Article I

THE FOUNDATION

Section 1. **Name.** The organization shall be known as the Produce for Better Health Foundation. The Foundation is an educational, charitable, non-political and not-for-profit corporation organized under the laws of the District of Columbia.

Section 2. **Purpose.** The Foundation is organized for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and applicable regulations. Solely in furtherance of such charitable and educational purposes, the Foundation shall be empowered to solicit, receive and expend contributions, gifts, legacies and grants, from all sources; to provide for the preparation and dissemination of educational information concerning the relationship between the consumption of produce and better health, and related subjects, by such means as publications, exhibits, lectures, workshops, and seminars; and to conduct such other activities as may advance the charitable and educational purposes of the Foundation.

Article II

MEMBERSHIP

Section 1. **Eligibility and Applications.** Any organization or individual who is interested in the charitable and educational purposes of the Foundation is eligible for membership in the Foundation provided they contribute an amount equal to or exceeding the annual "Fruits & Veggies-More Matters Licensing Fee" which is established each year by the Foundation's Board of Trustees.

Section 2. **Voting.** Only members who are current in contributions to the Foundation shall be allowed to vote on any matter subject to a membership vote. Any action to be voted upon by members may be taken by mail/fax/electronically, at the discretion of the Chairman of the Board, in such manner as the Chairman of the Board may decide in each instance.

Section 3. **Withdrawal of Members.** Any member may withdraw by filing a written resignation with the President; provided, however, that such resignation shall not relieve such member of any obligation for contributions accrued and unpaid at the date such resignation is filed. The Board of Trustees may drop any member from the roll who fails to pay its annual contribution when due.

Section 4. **Honorary Members.** Any organization or individual may be selected for special recognition as an honorary member of the Foundation by the Board of Trustees on the basis of outstanding or unique contributions to the progress of the Foundation, or the fruit and vegetable industry, or the public health community. Honorary members are not allowed to vote on matters subject to membership vote.

Article III

BOARD OF TRUSTEES

Section 1. **Authority.** The direction and management of the affairs, funds and property of the Foundation shall be vested in the Board of Trustees, who shall pursue such policies and principles as shall be in accordance with the provisions of the Articles of Incorporation, these Bylaws, and the statutes of the District of Columbia.

Section 2. **Membership Classes.** Classes of Trustees shall be as follows:

- a) **Contributing Trustee:** Any member in good standing that has contributed a minimum of \$10,000 will have the name of the person they designate submitted to the Executive Committee for approval to serve on the Board of Trustees.
- b) **Honorary Trustee:** An Honorary Member may be selected by the Board of Trustees, based on recommendations of the Executive Committee, to serve as an Honorary Trustee of the Foundation.

Section 3. **Terms.**

- a) **Contributing Trustee:** A Contributing Trustee may serve consecutive one-year terms on the Board for so long as the member they represent remains a contributor in good standing to the Foundation at a minimum contribution level of \$10,000. Members contributing \$10,000 or more shall annually provide the President with written notice regarding their intent to designate a Contributing Trustee, and shall designate the individual who will represent them as a Trustee on the Board.
- b) **Honorary Trustee:** Honorary Trustees shall serve a one year term and are identified as Honorary Trustees through the nominating committee process.

Article IV

MEETINGS OF THE BOARD OF TRUSTEES

Section 1. **Frequency.** The Board of Trustees shall meet at least once annually, at a time and place to be established by the Chairman of the Board.

Section 2. **Quorum and Voting.** One-third of the members of the Board of Trustees at the time shall constitute a quorum for the transaction of business of the Foundation. Except as otherwise specifically provided in these Bylaws or by statute or regulation, a vote of the majority of Trustees present at a meeting at which a quorum is present shall constitute the act of the Board.

Section 3. **Voting by Mail/Fax/Electronically.** Any action to be voted upon by the Trustees may be taken by mail/fax/electronically, at the discretion of the Chairman of the Board, in such manner as the Chairman of the Board shall decide in each instance.

Article V

EXECUTIVE COMMITTEE

Section 1. **Membership.** The Board of Trustees shall annually elect four (4) members of the Board based on recommendations of the Nominating Committee to serve on the Executive Committee. This election shall occur during the annual meeting of the Board of Trustees. In addition, the Chairman of the Board, the Vice Chairman, the Immediate Past Chairman, and the Secretary/Treasurer will automatically serve on the Executive Committee, as will the Chairman of each Program Committee.

Section 2. **Authority.** The Executive Committee shall have and may exercise all the powers and authority of the Board of Trustees of the Foundation in accordance with the Articles of Incorporation, these Bylaws, and the laws of the District of Columbia. In addition, the Executive Committee shall approve all offers to contribute to the Foundation of \$10,000 or more. The Executive Committee may reject any such offers or applications which it believes are not in the best interest of the Foundation.

Section 3. **Quorum and Voting.** A majority of the members of the Executive Committee at the time shall constitute a quorum for the transaction of business. Except as may be otherwise provided by statute or these Bylaws, the vote of a majority of the Executive Committee members present at a meeting at which a quorum is present at the time of the vote shall be the act of the Executive Committee. If two-thirds of the Executive Committee members severally or collectively consent in writing to any action to be taken by the Foundation, such action shall be as valid as though it had been authorized at a meeting of the Executive Committee.

Article VI ***OFFICERS***

Section 1. **Titles.** The officers of the Foundation shall consist of a Chairman of the Board, a Vice Chairman, a Secretary/Treasurer, and the Immediate Past Chair. The Chairman of the Board, Vice Chairman, and Secretary/Treasurer must have previously served on the Executive Committee, and shall automatically be members of the Board of Trustees and the Executive Committee by virtue of their election. The officers shall be elected by the members of the Board of Trustees, based on the recommendations of the Nominating Committee, during the annual meeting of the Board for a one-year term. Officers may serve non-consecutive one-year terms in the same office. The Chairman of the Board, Vice Chairman, and Secretary/Treasurer must continue to represent members of the Foundation in good standing during their terms of office.

Section 2. **Chairman of the Board.** The Chairman of the Board shall preside at all meetings of the Board of Trustees and Executive Committee. The Chairman of the Board shall perform such other duties as are necessarily incident to the office of Chairman of the Board or as may be prescribed by the Board of Trustees.

Section 3. **Vice Chairman.** The Vice Chairman shall perform such duties customarily incident to his office or which may properly be required of him by the Board of Trustees.

Section 4. **Secretary/Treasurer.** The Secretary/Treasurer shall perform such duties customarily incident to his office or which may properly be required of him by the Board of Trustees.

Section 5. **Immediate Past Chairman of the Board.** The Immediate Past Chairman of the Board shall perform such duties customarily incident to his office or which may properly be required of him by the Board of Trustees.

Article VII ***OTHER COMMITTEES***

Section 1. **Coordinating Committee.** The Chairman of the Board, with the advice and consent of the Executive Committee, shall annually appoint a Coordinating Committee of the Foundation. The role of the Coordinating Committee will be to interact and coordinate with other organizations, such as, but not limited to, the Centers for Disease Control, whose activities, mission and/or purpose are consistent with the goals of the Foundation.

Section 2. **Nominating Committee.** The Chairman of the Board, with the advice and consent of the Executive Committee shall, at least 90 days prior to the annual elections, establish a Nominating Committee, consisting of four (4) members and the Immediate Past Chairman of the Board. The Nominating Committee shall recommend a Chairman of the Board, Vice Chairman, Secretary/Treasurer, program committee chairs, and at-large Executive Committee members for a total of thirteen Executive Committee members. The Executive Committee shall be elected at the annual meeting of the Board of Trustees.

Section 3. **Other Committees.** The Chairman of the Board, with the advice and consent of the Executive Committee, may establish Program Committees and such other committees or task forces of the Board or of the membership as he deems necessary for the operation of the Foundation. Committee members will be nominated by the committee chair, vice-chair, and one additional member of the committee as appointed by the committee chair. Appointments will be for three-year terms, and appointments reviewed annually. A committee member may serve an unlimited number of terms provided that they remain a member of the Foundation and all interested Board members have been provided the opportunity to serve. The President shall circulate a ballot to the Executive Committee 30 days prior to the annual Board Meeting. Elected committee members shall take office at the next annual Board meeting. The Program Committees will meet once annually at a time and place to be established by the Chair of the Committee.

Article VIII

STAFF, ADVISORS AND CONSULTANTS

Section 1. **President.** The Executive Committee, with the advice and consent of the Board of Trustees, shall select a President of the Foundation, who shall serve as the Chief Executive Officer of the Foundation. The President shall have active charge of the general activities of the Foundation, including its educational, informational, research and such other activities as the Executive Committee may direct. The President shall attend all meetings of the Executive Committee, Board of Trustees, and other committees as appropriate of the Foundation, and shall be responsible for recording, maintaining, and promptly distributing notices and minutes of meetings of the Executive Committee, the Board, and all other committees of the Foundation. The President shall provide a liaison between the Executive Committee and other organizations having a similar interest and mission to that of the Foundation. The President shall work with the Vice-Chairman to prepare and recommend the Foundation's annual business plan and operating budget to the Executive Committee, and shall be responsible for administering and maintaining control over the approved annual operating budget within the limits prescribed by the Executive Committee. The President shall be paid a fee as may be agreed upon by the Officers from time to time.

Section 2. **Other Staff Members.** The President may hire such other staff members as he may consider to be desirable for purposes consistent with the budget, objectives and Bylaws of the Foundation.

Section 3. **Advisors and Consultants.** The President may appoint such other advisors and/or consultants as he may consider to be desirable for purposes consistent with the objectives and Bylaws of the Foundation. Contracts/appointments to any single individual or organization exceeding \$50,000.00 during a single fiscal year are subject to prior approval by the Officers.

Section 4. **Legal Counsel.** The Executive Committee shall select a General Counsel to supervise legal matters relating to the Foundation's activities. The General Counsel shall serve for such term and at such compensation as the Executive Committee may determine.

Article IX

CONTRACTS, CHECKS, DEPOSITS and GIFTS

Section 1. **Authorization**. The Executive Committee may authorize any officer or officers, agent or agents of the Foundation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Foundation, and such authority may be general or confined to specific instances.

Section 2. **Investments**. The Executive Committee may authorize any officer or officers, agent or agents of the Foundation to convey, sell, give or otherwise dispose of property held by the Foundation and to invest, reinvest, administer, and deal with the same in such manner as would best promote the interests of the Foundation. Such authority may be general or confined to specific instances.

Section 3. **Signatures**. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Foundation shall be signed by such officer or officers, agent or agents of the Foundation and in such manner as shall from time to time be determined by resolution of the Executive Committee

Section 4. **Banks and Accounts**. All funds of the Foundation shall be deposited to the credit of the Foundation in such banks, trust companies or other depositories as the Executive Committee may select.

Section 5. **Contributions and Gifts**. The Executive Committee may accept on behalf of the Foundation any contribution, grant, gift, bequest or devise for the general purposes or for any special purpose of the Foundation.

Article X

BOOKS AND RECORDS

The Foundation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Trustees, Executive Committee and other Committees, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. All books and records of the Foundation may be inspected by any Trustee, or his agent or attorney, for any proper purposes at any reasonable time.

Article XI

SEAL

The Foundation shall have a seal of such design as the Board of Trustees may adopt.

Article XII

BOND

At the direction of the Executive Committee, any officer or employee of the Foundation shall furnish, at the Foundation's expense, a fidelity bond in such sum as the Executive Committee may prescribe.

Article XIII

LIMITATIONS ON LIABILITY AND INDEMNIFICATION

Section 1. **Limitations on Liability.** Nothing herein shall constitute members of the Foundation as partners for any purpose. No member, member representative, officer, agent or employee of the Foundation shall be liable for the Foundation, nor shall any member, member representative, officer, agent or employee be liable for his acts or for failure to act under these Bylaws, except for any act or omission to act arising out of her or his willful malfeasance.

Section 2. **Indemnification.** The Foundation may, by resolution of the Board of Trustees, provide for indemnification by the Foundation of any and all of its Trustees, officers or employees, or former Directors/Trustees, officers or employees, against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties, or a party, by reason of having been Directors/Trustees, officers or employees of the Foundation, except in relation to matters as to which such Trustee, officer, employee, or former Director/Trustee, officer, or employee, shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty and to such matters as shall be settled by agreement predicated on the existence of such liability for negligence or misconduct.

Article XIV

FISCAL YEAR

The fiscal year of the Foundation shall commence on the first day of January and end on the 31st day of December.

Article XV

RULES OF ORDER All meetings of the Foundation, including meetings of the Board of Trustees, Executive Committee, and other committees, shall be conducted in accordance with *The Modern Rules of Order*, Pennsylvania Bar Institute.

Article XVI

AMENDMENTS

These Bylaws may be amended by the affirmative vote of two-thirds of the Board of Trustees.

Board of Trustee Opportunities

The opportunities available to Trustees of the Produce for Better Health Foundation are the following:

- 1) Meeting Attendance. Trustees are invited to attend the annual Board of Trustees meeting each year. Prepare for this meeting by reading materials supplied prior to each meeting. Understand the organizations primary programs, services and sources of revenue. Only board members and PBH invited guests may attend PBH board meetings and associated meeting activities. If a corporate board member is unable to attend a board meeting, an appropriate replacement for the company can attend as an alternate.
- 2) Committee Involvement. Trustees may be invited to participate on one of the following: (a) Executive Committee, (b) Board Committees/Subcommittees (Consumer Marketing and Communications, Channel Marketing, Research, Donor Marketing & Outreach, Financial Advisory, Audit, and Nominating) or (c) ad hoc assignments. Committees generally meet at the Board of Trustees meeting in April. Other work is done via conference call.
- 3) Approve Slate of Nominees. Trustees will approve the slate of nominees for Executive Committee at the annual Board of Trustees meeting each spring.
- 4) Program Oversight. Board members will oversee and evaluate PBH programs, support the staff, be an advocate among the produce industry and stay informed about important changes and developments within the organization and the industry.
- 5) Fund raising. Board members will ensure and manage the appropriate corporate contributions from their respective companies and organizations. Also, actively participate in identification, cultivation, and solicitation of prospective donors. Personal contributions, if desired, can also be made to the Foundation.

Executive Committee Responsibilities

- 1) Provide Policy Guidance. Executive Committee will discuss, set, and refine policy and direction for the Foundation. Staff will handle day-to-day implementation of projects.
- 2) Strategic Planning. Executive Committee members will participate in development, refinement, and revision of the Foundation's mission and participate in the comprehensive strategic planning session (every three years) to determine purpose, programs, and priorities. The Executive Committee can expand the group if so desired.
- 3) Business Planning. Approves the business plan and budget emanating from the strategic plan. Assures that programs and services are planned, implemented, and evaluated according to Board policies consistent with the mission of the organization and current financial conditions. Approves annual sponsorship/grant opportunities

- 4) Financial Oversight. The Executive Committee:
 - a. Approves the annual budget. Monitors income, expenditures and program activities against projections.
 - b. Has authority to incur debt not to exceed 25% of the organization's total net worth. The Executive Committee has authority to approve loans or long-term capital resources up to the limits established by the Board.
 - c. Ensures the management of necessary reserve balances.
 - d. Approves annual list of sponsorships.
- 5) Coordination of Subordinate Groups. Committee chairs should serve on the Executive Committee to help sort out committee assignments to avoid duplication or competition.
- 6) Chief Executive. Executive Committee will approve the selection, and if necessary, dismissal of the President
- 7) Executive Search. Executive Committee either appoints a search committee or assumes the lead in replacing the chief executive.
- 8) Major Donor Approval. Approves all offers to contribute sums of \$10,000 or more to the Foundation.

Chairman of the Board Responsibilities

The role of the Chairman of the Board is to ensure the integrity of the Board's processes and be the primary representative of the Board of Trustees.

- 1) Follows Policies. The Chairman of the Board is to ensure that the Board and subordinate groups behave consistent with the Foundation's policies and bylaws.
 - a. Meeting discussion content will be only on those issues that clearly belong to the Board according to Board policy.
 - b. Deliberation will be timely, fair, orderly, and sufficiently thorough, but also efficient with time restrictions and kept to the point.
- 2) Interpretation of Policy. The Chairman of the Board is authorized to make reasonable decisions about the interpretation of policy regarding the Board's own job.
 - a. The Chairman of the Board chairs Board meetings with all the commonly accepted power of that position.
 - b. The Chairman of the Board has no authority to make decisions beyond policies created by the Board. The Chairman of the Board, therefore, has no authority to change the Board expectations for subordinate groups or for the President.
- 3) Spokesperson. The Chairman of the Board is the official spokesperson of the organization.
- 4) Executive Sessions. Chairs Executive Committee and calls executive sessions to address problems or occurrences that arise between regularly scheduled meetings as prescribed in the bylaws.
- 5) Strategic Planning. Coordinates the annual strategic planning session to update short and long-range plans.
- 6) Agendas. Approves draft agendas for meetings of the Board of Trustees.

7) Chief Staff Executive. Together with other officers, assumes regular annual evaluation and approves compensation of the President. Serves as sounding board for sensitive staff issues and performs written evaluation of the President.

Immediate Past Chairman of the Board Responsibilities

- 1) Nominating Committee. Serves as chair of the Nominating Committee and performs such duties as required by the Chairman of the Board.
- 2) Strategic Planning. Participates in annual strategic planning session.
- 3) Chief Executive. Together with other officers, assures regular evaluation and approves compensation of the President.

Vice Chairman of the Board Responsibilities

- 1) Chair. Perform the duties of the Chairman of the Board in his or her absence or disability.
- 2) Board/Executive Committee. Serves on the Board of Trustees and Executive Committee.
- 3) Policies/Procedures. Annually reviews permanent record of all Board policies or motions and actions based on minutes of all proceedings of the Trustees' and subordinate committee meetings.
- 4) Strategic & Business Planning. Participates in annual strategic planning session and coordinates the annual business planning process.
- 5) Chief Executive. Together with other officers, assures regular evaluation and approves compensation of the President.

Secretary/Treasurer Responsibilities

- 1) Board/Executive Committee. Serves on the Board of Trustees and Executive Committee.
- 2) Financial Advisory Committee. Chairs the Financial Advisory Committee and performs such duties as required by the Chairman of the Board.
- 3) Financial Statement. Presents the financial statement and current financial position to the Board of Trustees at the annual meeting.
- 4) Strategic Planning. Participates in annual strategic planning session.
- 5) Chief Executive. Together with other officers, assures regular evaluation and approves compensation of the President.

Subordinate Groups – Appointments and Organization

The Chairman of the Board, subject to the approval of the Executive Committee, shall appoint the members of the subordinate groups (committees, task forces, etc.), including the chairperson and vice chairpersons of each.

- 1) Composition. Board subordinate groups shall be formed by the Executive Committee. The subordinate group leader will be appointed by the Chairman of the Board. The subordinate group may determine its size.
- 2) Scope/Authority. Board subordinate groups shall provide input, direction, and feedback on programmatic activities and/or specific policy options and implications for Executive Committee consideration as charged by the Executive Committee. Subordinate groups are directly responsible to the Executive Committee through the office of the President. Subordinate groups may not commit to expenditure of funds and may not express opinions or represent positions in the name of the Foundation, unless specifically authorized by the Executive Committee. In proposing a program or activity that may involve expenditure of funds, committees must submit a program description and budget to the President for inclusion in the Foundation budget and approval by the Executive Committee.
- 3) Operation. Each subordinate group may establish rules for its operation. All subordinate groups shall perform the duties assigned to them with activities and recommendations subject to Executive Committee approval.
- 4) Expenditure of funds. Proposed expenditures of funds by such subordinate groups that jeopardize the annual Return on Equity target must have prior Executive Committee authorization.
- 5) Removal. The Executive Committee may at any time remove any or all members of any subordinate group.
- 6) Vacancies. Vacancies on subordinate groups between annual nominations shall be filled by appointment by the Nominating Committee of the Subordinate Committee. Committee members are nominated for their area of expertise/experiences. If an organization's PBH representative changes throughout the year, the new representative is not automatically placed on the committee(s) that the former representative resided. Selection of committee members is the responsibility of the individual committee's nominating committee.
- 7) Attend Board and Executive meetings. Chairpersons of each major subordinate group may attend meetings of the Board and Executive Committee and take part in pertinent discussions.
- 8) Accountability. Subordinate groups are accountable to the Executive Committee and are governed by policies established by the Executive Committee or the Board of Trustees.
- 9) Job products in relation to Board policies. The job products (or activities assigned to subordinate groups) determined and actually accomplished by subordinate groups must be true to the broader statements of policies established by the Executive Committee or the Board of Trustees.
- 10) Business conduct cannot violate Board policies. The practices, activities, methods, ways of conducting business, circumstances of operating, or any other work or behavior may not violate the policies as set by the Executive Committee or the Board of Trustees.

- 11) Interpretation of Foundation policies. Subordinate groups are authorized to use “any reasonable interpretation” of the language used in Board or Executive Committee policies.
- 12) Cooperation. Subordinate groups are expected to work cooperatively with other subordinate groups and staff.
- 13) Provide Counsel. Subordinate groups shall provide the Board of Trustees and Executive Committee information, counsel, and insights necessary to govern well, including:
 - a. Vision and long-range aspirations needed to develop overall organizational vision.
 - b. Data regarding subordinate group performance against expectations stated in the Foundation’s annual business plan, including foreseeable changes needed in policies of the Board or the Executive Committee.
 - c. Significant changes in subordinate group rules and procedures.
- 14) Limitations for Subordinate Groups: Subordinate Groups shall not cause or allow any practice, activity, decision, or organizational circumstance, that is either imprudent or in violation of law, or of commonly accepted business and professional ethics. Subordinate Groups shall not:
 - a. Arbitrarily exclude qualified candidates for membership or operate secretly.
 - b. Endorse special products, patents, processes, individuals, or ideas, except as authorized by the Executive Committee.
 - c. Speak on behalf of or in a way reserved for the Board or Executive Committee.
 - d. Operate in disregard of the interests of the organization.
 - i) Use or commit resources including staff time and resources that jeopardize meeting the annual Return-on-Equity target.
 - ii) Work within the scope of other subordinate groups or the President or speak for the organization in any way reserved for the Board of Trustees, the Executive Committee, or others whom the Board has empowered.
 - e. Engage in activity or communication that knowingly can lead to or appear to result in a conflict of interest, including acceptance of financial or other goods or benefits that might influence actions or decisions.
 - f. Use the official letterhead for general communications.
 - g. Work outside the following financial boundaries for overall fiscal stability.
 - i) No Negative Net Earnings – Expenses shall not exceed income for the fiscal year.
 - ii) No Use of Funds Deviating from Board Policy – No budgeting shall deviate appreciably from organizational priorities expressed in annual business plan.
 - iii) No Unacceptable Risk – Financial estimates should not be based upon other than conservative estimates, and financial conditions are not permitted that jeopardize the fiscal stability for effective and prudent operations.
 - iv) No Intermingling of Funds – No one, whether member or staff, has the freedom to arbitrarily move funds from one account to another.

Subordinate Groups Composition, Scope/Authority, and Job Products of Each

- 1) Financial Advisory Committee
 - a. *Composition:* The Financial Advisory Committee shall consist of the Secretary/Treasurer and three appointed members. The Secretary/Treasurer shall be appointed to chair the Committee.
 - b. *Scope/Authority:* To supervise the financial affairs of the organization. The Financial Advisory Committee reports to the Board of Trustees by presenting a statement of the financial condition at the annual Board of Trustees meeting.
 - c. *Roles/Responsibilities:* The Financial Advisory Committee is authorized, subject to policies established by the Board or the Executive Committee, to:
 - Monitor income, expenditures, and program activities against projections. Present financial statements to the Board and the Executive Committee.
 - Review and recommend financial policies to the Board and the Executive Committee, including ensuring adequate internal controls and maintaining financial records in accordance with standard accounting practices.
 - Assure that the Board and the Executive Committee are well informed about the organization's finances.

- 2) Audit Committee
 - a. *Composition:* The composition of the audit committee shall be not less than two board members. Committee members of the audit committee (by law) cannot be staff members, President or Chief Executive Officer, Treasurer, or Chief Financial Officer of the organization. Members of the organization's financial advisory committee can serve on the Audit Committee but cannot comprise 50 percent or more of the Audit Committee.
 - b. *Scope/Authority:* The audit committee will report its findings to the Secretary/Treasurer of the Board.
 - c. *Roles/Responsibilities:*
 - Recommend to the Board the hiring/firing of the independent certified public accountants (CPA).
 - Review and recommend approval of the audit to the Secretary/Treasurer of the Finance Committee/Executive Committee.

- 3) Consumer Marketing & Communications Committee
 - a. *Composition:* The Consumer Marketing & Communications Committee shall consist of an appointed Chairman and no more than 20 total members.
 - b. *Scope/Authority:* The Consumer Marketing and Communications Committee reports to the Executive Committee and is responsible for supporting the positioning of the organization as a foundation dedicated to helping consumers increase the consumption of fruits and vegetables at every eating occasion. The committee will provide oversight to both the *Channel Marketing and Research Subcommittees*. It will also assist in the development of the foundation's Business Plan as well as monitor the implementation of the Business Plan. The chair of this committee is a member of the Executive Committee.
 - c. *Roles/Responsibilities:*

The work of this committee and its related subcommittees will focus on the brand, Fruits & Veggies—More Matters including, but not limited to:

 - Developing a comprehensive marketing and communications implementation plan for Fruits & Veggies—More Matters.
 - Generating national awareness of Fruits & Veggies—More Matters that leads to positive consumer lifestyle/behavior changes.
 - Establishing the measurement tools that will evaluate the effectiveness of Fruits & Veggies—More Matters.

- Enlisting ongoing, active support for Fruits & Veggies—More Matters among a range of public and private sector Partners.
 - Achieving ongoing, active retail support of Fruits & Veggies—More Matters.
 - Advocating use of Fruits & Veggies—More Matters (logo) on packaging and in marketing/awareness efforts.
 - Developing consumers (moms and kids) as champions for eating fruits and vegetables at every eating occasion.
 - Developing a consumer site that serves as THE “Go To Source” for consumers with up-to-the-minute, reliable, science-based, user-friendly information about fruits and vegetables.
 - Developing web-based consumer resources to help consumers incorporate more fruits and vegetables at every eating occasion.
 - Developing resources for organizations on the “front lines” of promoting healthy eating at the grass roots level.
 - Taking an active role in completing assignments that are directly related to the foundation’s consumer marketing and communications strategies.
- 4) Research Subcommittee
- a. *Composition:* The Research Subcommittee shall consist of an appointed Chairman and no more than 20 total members.
 - b. *Scope/Authority:* The Research Subcommittee reports to the Consumer Marketing & Communications Committee and will support the overall direction of that committee. Specific direction to the subcommittee’s work will come from the Consumer Marketing and Communications Committee. This committee will also assist in the development of the foundation’s Business Plan as well as monitor the implementation of the Business Plan.
 - c. *Roles/Responsibilities:* The work of this subcommittee will focus on:
 - Helping to establish the measurement tools to evaluate the effectiveness of Fruits & Veggies—More Matters (e.g. awareness of key messages among target audiences and measurement of consumer behavior modification).
 - Responding to research needs as identified by the foundation’s multi-year research framework (to be defined) , including, but not limited to:
 - ✓ Retail marketing tests
 - ✓ Consumer behavior (when eating out, for example)
 - ✓ Other options as prioritized by the research framework
 - Identifying ways to scan the literature/environment and report on fruit and vegetable related research including, but not limited to:
 - ✓ Behavior change
 - ✓ Disease prevention
 - ✓ Marketing strategies
 - Helping to identify the best way to package the research.
 - Helping to identify how to communicate about the research with target audiences.
 - Helping to identify and secure strategic speaking platforms to communicate about the research.
 - Taking an active role in completing assignments that are directly related to PBH’s consumer marketing and communications strategy.
- 5) Donor Marketing & Outreach Committee
- a. *Composition:* The Donor Marketing and Outreach Committee shall consist of an appointed Chairman and no more than 20 total members.
 - b. *Scope/Authority:* The Donor Marketing and Outreach Committee’s responsibility is to assist staff in the development and implementation of the foundation’s annual business plan and donor outreach plan. The committee is also responsible for assisting with identifying and evaluating funding

prospects – individuals, corporations, and foundations. The Chair of this committee is a member of the Executive Committee.

- c. *Roles and Responsibilities:* The work of the committee will:
- Assist staff with new donor prospects by making introductions where appropriate and/or accompany staff on solicitation visits as appropriate.
 - Understand and endorse the case of why someone should be a PBH donor.
 - When aware and available identify grant opportunities that are aligned with PBH’s mission
 - Assist staff with developing and implementing a plan for nurturing current donors and promoting progression to board of trustees’ level.
 - Conduct quarterly donor outreach calls for the purposes of keeping donors informed of PBH happenings/accomplishments (not an ask)
 - ✓ Information from PBH’s quarterly business plan updates would serve as specific talking points for the quarterly outreach calls
 - Assist with annual review and implementation of “support the effort” materials used to increase PBH’s visibility
 - ✓ Call-To-Action Brochure
 - ✓ Proud Supporter Sign
 - ✓ Identify tradeshows where support the effort materials can be distributed (e.g. PMA, FPFC, etc.)
 - Assist with donor outreach and information sharing related to the annual fundraiser (dinner-auction)
 - Take an active role in completing assignments that are directly related to PBH annual business plan.

6) Nominating Committee

- a. *Composition:* The Nominating Committee shall consist of the Immediate Past Chairman and four appointed members. The Immediate Past Chairman shall be appointed to chair the Committee.
- b. *Scope/Authority:* The Nominating Committee recommends the composition of the Executive Committee by identifying, recruiting, and proposing its members to the full Board of Trustees.
- c. *Roles/Responsibilities:*
- The Nominating Committee screens and interviews Executive Committee and officer candidates for presentation to the full Board for approval.
 - The Nominating Committee shall determine criteria in nominating candidates for Officers and the Executive Committee.

Committee & Subcommittee Chair Responsibilities

Consistent with the Foundation’s policy and strategic plan, the committee chair guides the committee in its work as outlined by the scope of work and charge from the chair of the appropriate oversight committee. Position responsibilities include:

- 1) Develops Strategic Plan. The chairs and vice-chairs of the Consumer Marketing and Communications Committee and Development Committee participate in the comprehensive strategic planning session scheduled every three years.
- 2) Develops Business Plan. With staff, develops a business plan that will allow the committee to effectively and efficiently discharge its responsibilities in support of the Strategic Plan for the year.
- 3) Conducts Meetings. With staff, develops agendas and conducts committee meetings.

- 4) Approves Minutes. Approves minutes of committee meetings before their distribution.
- 5) Monitors Work. Works with staff to ensure that the work of the committee is carried out between meetings.
- 6) Approves Committee Reports. Approves reports on committee activities, including requests to the Board of Trustees and/or Executive Committee for action.
- 7) Reports to the Committee. Reports to the committee on decisions of the appropriate oversight committee that affect the committee's work or activities.
- 8) Attendance/Participation. Monitors committee member participation and upholds the *committee observer* procedures for non committee members who are interested in sitting in on committee meetings. To ensure stability for the committee's work alternates are not permitted to serve on the committees.
- 9) Volunteer Leadership Profile. Assists at collecting profiles from all committee members.
- 10) Committee's Nominating Committee. Together with the vice-chair selects a third committee member to serve on the committee's nominating committee.
- 11) Proposes Products & Services. Where appropriate, guides the committee in proposing products and services that will further the goals and objectives of the Foundation.
- 12) Makes Policy Recommendations. Where appropriate, makes policy recommendations to the Board of Trustees or to the appropriate oversight committee when the Board is not in session.
- 13) Limits of Authority. A Chairperson may not speak on behalf of the Foundation without prior approval of the Board of Trustees or the Executive Committee when the Board is not in session.
- 14) Vacancy. In the absence or departure of the chair, the vice-chair substitutes as chair. In the case of vice-chair departure, the remaining members of the committee's nominating committee select the replacement, with board chairman approval.

Committee Member Responsibilities

Reports to the committee chair. Actively participates in the work of the committee; provides thoughtful input to the deliberations of the committee; focuses on the best interests of the Foundation and the committee rather than on personal or constituent interests; and works toward fulfilling the committee's goals. Responsibilities include:

- 1) Prepare, Attend and Participate. Reviews all relevant material before committee meetings. Attends committee meetings. Makes contributions and voices objective opinions on issues.
- 2) Implements assignments. Carries out individual assignments made by the committee chair.
- 3) Proposes Policies, Products, Services. Works as part of the committee and staff team to ensure that the committee proposes policies and/or develops products and services that help Foundation members and staff who are responsible for programs within the scope of interests to the committee.
- 4) Represents. Represents the committee in meetings of other Foundation groups.

- 5) Clarifies with Others. Promotes clarity within the committee on the committee's role and how it supports and fits within the interests of the Foundation.

- 6) Limitations. No portion of the organization, whether member or staff, shall cause or allow any practice, activity, or decision that is imprudent, illegal, unethical, or detracts from the purpose of the organization.

Delegation to the President

The President is accountable to the Board of Trustees for achieving organizational goals and objectives within policies set forth by the Board. All Board authority delegated to staff is delegated through the President. As far as the Board is concerned, all staff authority and accountability is considered to be that of the President.

- 1) Accountability. The President is accountable only to the full Board of Trustees, not to any one individual Board member.
- 2) Staff Authority. The President is authorized to establish staff policies, make decisions, take action, and develop activities as long as they are consistent with a reasonable interpretation of Board policies.
- 3) Employee of Foundation. The President shall be an employee of the Foundation, selected as provided in Article VIII, Section 1, of the Bylaws

President Responsibilities

The responsibilities of the President are staff and system capability, including:

- 1) Capability to achieve vision and mission of the Foundation, including:
 - a) Competency, continuity, progression, and succession of staff with:
 - i) Staff compensation and benefits consistent with the market for employee skills and experience.
 - ii) Staff treated in a manner consistent with human rights.
 - b) Accurate, concise, and timely information, counsel and processes for the work of the Board of Trustees and subordinate groups.
 - c) Implementation of annual goals that support the Board's vision and mission.
- 2) Fiscal stability, viability, and competency, including:
 - a) Product and service obligations to the membership.
 - b) Achievement of the targeted annual return on equity.
 - c) Managing finances including the preparation of the annual budget, long-range financial forecasts and investment management of Foundation funds.
- 3) Safety of assets and legal status, including:
 - a) Proper security, protection, and risk management of assets.
 - b) Avoidance of any activity that would put the tax status at risk.
 - c) Prompt suspension of any activity beyond boundaries by any subordinate group.
 - d) Proper notice to those individuals or other organizations found to be misusing the organization's name or logo, and/or program/campaign logos and graphics.
 - e) Use of official stationery only by officers and the staff.
- 4) Accurate and timely information, including:
 - a) Monitoring data on the subordinate group performance.
 - b) Relevant trends, incidents and developments, significant decisions, threatened or actual legal jeopardy, and changes in assumptions on which Board of Trustees or subordinate group policies have been based.
 - c) Optional points of view, information, analysis, and counsel necessary for fully informed knowledge-based Board choices.
- 5) Representative. Favorable perception of the organization among key leaders of the membership community in industry, government, and academia.

- 6) Communications. Intra-organizational communications for and with the Board, subordinate groups, officers, staff, and the member community.
- 7) Spokesperson. Serve as spokesperson for the Foundation in coordination with the Chairman of the Board of Trustees.
- 8) Annual Meeting. Plan and coordinate annual meeting of the Board of Trustees.

General Constraint – President

The President shall not allow or cause any action or decision in his/her area of supervision and control that is imprudent, illegal, unethical, or detracts from the purpose. Accordingly, the President may not cause or allow:

- 1) Commingling of the Foundation Restricted Reserve finances with operating finances.
- 2) Use of Reserve, Contingency, or Restricted Reserve funds for operations without Executive Committee or Board approval.
- 3) Conflict of Interest. Staff activity, communication, or benefit that knowingly can lead to or appear to result in a conflict of interest, including acceptance of financial or other goods or benefits that might influence actions or decisions.
- 4) Improper staff action:
 - a) Formation by staff of ad hoc member groups without specific request or permission of volunteer groups.
 - b) Operate secretly except for confidential personnel matters.

Staff Liaison Position Description

The staff liaison serves as an informed resource person to the chair and members of the committee. Assists the chair in facilitating committee discussions and activities which address the committee's charge. Works with the chair to ensure that all committee work is consistent with the Foundation's goals and objectives. Responsibilities include:

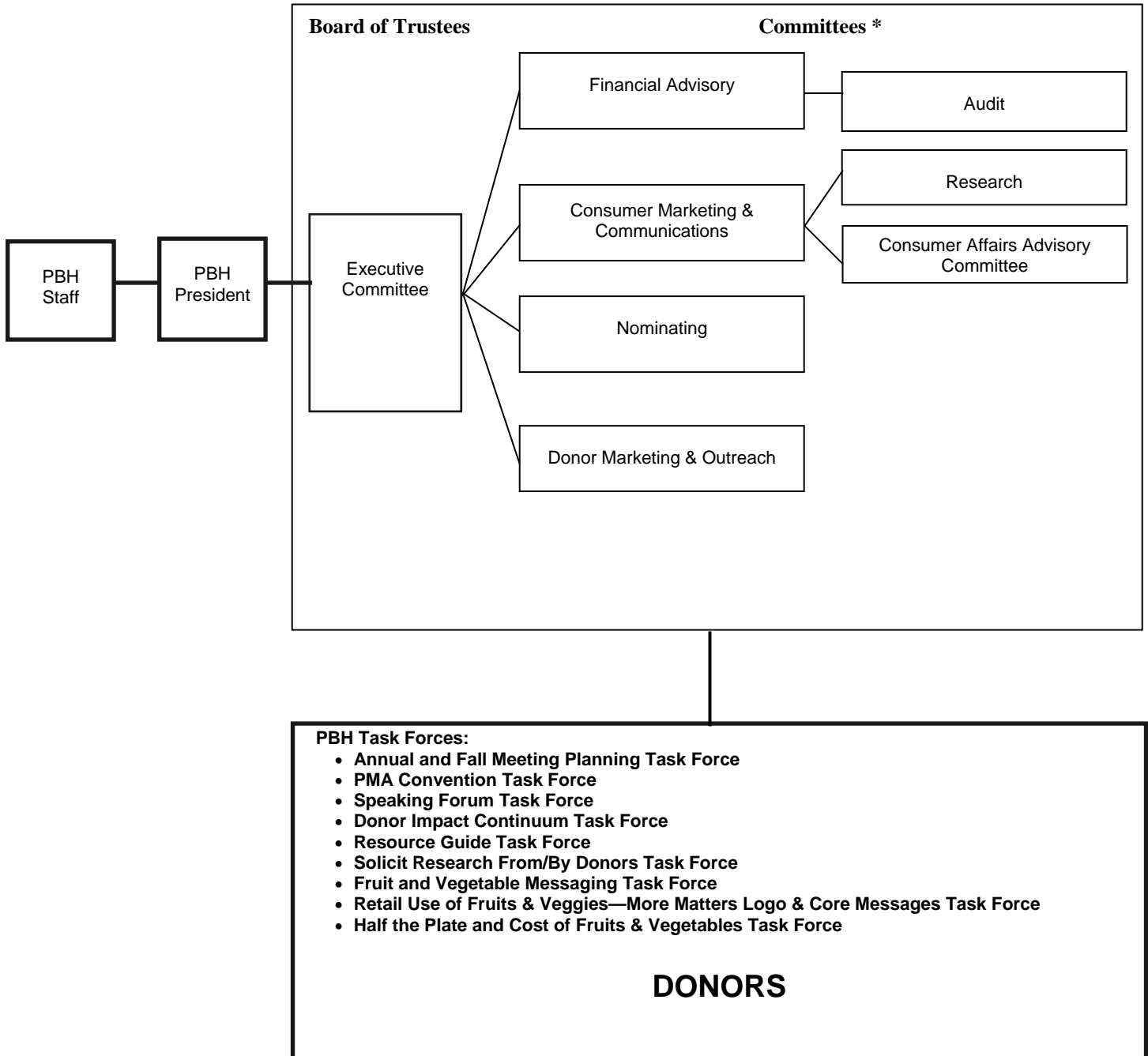
- 1) Orients Chair. Provides thorough orientation for each new committee chair, and assists the chair in providing orientation for new and continuing committee members each year.
- 2) Plan of Work. Works with the chair to develop a plan of work that will allow the committee to effectively and efficiently discharge its responsibilities for the year.
- 3) Agendas & Meetings. Works with the chair to develop agendas, meeting schedule, and conduct effective meetings of the committee.
- 4) Administrative Support. Provides administrative support for planning and execution of all committee meetings.
- 5) Minutes. Drafts minutes of committee meetings for review and approval by the committee chair.
- 6) Implement Work. Works with the committee chair, other committee members, and Foundation staff to ensure that the work of the committee is carried forth between committee meetings.

- 7) Cross-Communications. Facilitates communication of committee activities, including requests for action and/or proposed policies, to the President, Executive Committee, and Board of Trustees. Also reports to the committee on decisions of the Board of Trustees, Executive Committee, or other Foundation committees which impact the committee's activities.
- 8) Proposes Products & Services. Assists the committee in proposing products and services that will further the goals and objectives of the Foundation.
- 9) Attendance/Participation. Monitors committee member participation and reports to committee chair. Assists chair regarding *committee observer* procedures.
- 10) Oversight Committee. Staff leads of subcommittees sit on appropriate oversight committee and share oversight committee's direction with the chair of the subcommittee.
- 11) Volunteer Leadership Profile. Assist chair in collecting profiles for all committee members.

Compliance with Anti-Trust Rulings.

All PBH meetings are to be conducted in accordance with all anti-trust rulings. Discussions of price, quality ratings, competition and the like will be avoided. If at any point a participant in the meeting feels the discussion has drifted into inappropriate areas, he is to immediately bring the concern to the person chairing the meeting and to staff.

PBH Board/Membership Structure



* Committee members are members of the PBH Board of Trustees unless there is an area of expertise required but not available through the Board of Trustees to effectively accomplish the charge of the committee.

2011 Governance Chart

2011 Governance Chart

| | Jan 2011 | Feb | March | April Meeting | May | June | July | August | Sept. | Oct. | Nov. | Dec. | Jan 2012 |
|---|----------|------|-------|---------------|-----|------|------|--------|-------|------|------|------|----------|
| Board of Trustees | | | | | | | | | | | | | |
| Approve Strategic Plan; Review any needed by-law changes; Show case past year activities and future plans. Approve Slate of Executive Committee Members | | | | Mtg. | | | | | | | | | |
| Executive Committee | | | | | | | | | | | | | |
| Ongoing business conference calls | | | | Mtg. | | | | | | Mtg. | | | |
| Approve 2012 Business Plans | | | | | | | | | | | | | |
| Annual Review of Board Position; Policy and Procedures Manual | | | | | | | | | | | | | |
| Annual Strategic Planning Meeting | | Mtg. | | | | | | | | | | | |
| Committees: | | | | | | | | | | | | | |
| Consumer Mktg. & Communications Comm. | | | | | | | | | | | | | |
| Channel Marketing Subcommittee | | | | | | | | | | | | | |
| Research Subcommittee | | | | | | | | | | | | | |
| Donor Marketing & Outreach Committee | | | | | | | | | | | | | |
| Task Force Work | | | | | | | | | | | | | |
| Ongoing business conference calls | | | | Mtg. | | | | | | Mtg. | | | |
| Develop 2012 Annual Business Plan | | | | | | | | | | | | | |
| Nominating committees identify 2011 committee membership | | | | | | | | | | | | | |
| Financial Advisory Committee (work completed via conference calls) | | | | | | | | | | | | | |
| Send investments quarterly | | | | | | | | | | | | | |
| Review investments semi-annually | | | | | | | | | | | | | |
| Audit Subcommittee | | | | | | | | | | | | | |
| Selects Auditor (every 3 years) | | | | | | | | | | | | | |
| Fiscal Year 2009, 2012 | | | | | | | | | | | | | |
| Reviews/Approves auditor's report | | | | | | | | | | | | | |
| Nominating Committee | | | | | | | | | | | | | |
| Develop slate of Executive Committee Members | | | | | | | | | | | | | |

Legend: Mtg. – In person meeting
 Yellow – Conference call

Position Statements

1. Restaurant Labeling:
 - a. PBH supports nutrition labeling of menu items sold in restaurant chains of more than 50 restaurants. Supporting labeling only in larger chains of 50 or more restaurants will prevent undue burden on smaller operators. Supporting nutrition labeling of menu items in large chains whose menus don't change as frequently and who service a larger number of consumers will provide much needed information to consumers. By providing nutrition information, including calorie content, consumers can make more informed food choices. This will also benefit fruit and vegetable producers because many menu items today have excessive fat and/or sodium. The addition of fruits and vegetables would improve the nutrient profile of menus.

General Policies

1. Fresh, canned, frozen, dried, 100% juice:
 - a. Fruits and vegetables must always be positioned in such a way that maintains their integrity as nutritious foods.
 - b. Fresh, canned, frozen, dried, 100% juice are all included in the Fruits & Veggies—More Matters health initiative and should be stated in PBH nutrition policy statements.
2. Letter Sign-Ons:
 - a. PBH may support other Partner initiatives that promote increasing fruit and vegetable consumption if consistent with Foundation values, vision, and mission.
 - b. If there is any doubt, staff should consult with Executive Committee first.
3. Cross promotion Partners:
 - a. Food companies involved in cross promotions with PBH and Fruits & Veggies—More Matters must comply with the Products Promotable and Cross Promotion restrictions as outlined in the Fruits & Veggies—More Matters Guidebook.
 - b. Other non-food companies may be involved in cross promotions provided that the partnership effort supports the Foundation's values, vision, and mission.
4. Announcement of PBH-Developed Retail, Foodservice, or Cross-Promotion Marketing Opportunities:
 - a. General Information Sharing: Announcement about upcoming PBH promotions will be made on PBH Direct! and on PBH web site. Direct solicitation for funds does not occur, but those interested in learning more details about promotional opportunities can contact staff. (Examples: Sesame Street or Marvel Comic promotion opportunities.)
 - b. Connection of Cross Promotion Partners: Announcements about Fruits & Veggies—More Matters cross promotional partners interested in working with other cross promotional partners shall be made to board members first, and secondly to all members via web site and PBH Direct! Interested partners will be directed to contact staff. (Examples: salad dressing company looking to partner with a produce company.)

- c. Direct Retail or Foodservice Promotion Solicitations: Solicitations for individual retail/operator (fee for service) promotions shall be made, at the direction of the retailer/operator, in this descending order of priority: by the retailer or foodservice operator to their vendors, by PBH to the retailer/operator's vendors, to PBH board members, to PBH general members, and then to non-members. Solicitations will be done individually either in person or by phone/e-mail/fax, not broadcast to the full board or on PBH Direct!
5. Working with Outside Promotions Agencies and Ad Agencies:
 - a. In an effort to increase exposure of Fruits & Veggies—More Matters in fruit and vegetable industry promotions, continue to encourage all members to include Fruits & Veggies—More Matters, with PBH oversight, in their promotional efforts. PBH review of materials for compliance to the license agreement (e.g. use of logo) is a member benefit. However, when review of materials for a particular promotion requires significant staff time (e.g. recipe analysis, health claim reviews), additional charges may be requested. Estimates would be provided prior to review.
 6. Catalog Item Parameters:
 - a. Catalog items must support increasing fruit and vegetable consumption.
 - b. Catalog items not specific to increasing fruit and vegetable consumption are not allowed unless approved by the Executive Committee.
 - c. Educational materials sold in the catalog must be based on sound science.
 7. Media Sponsorships:
 - a. PBH may receive sponsorships for sections of its web site, newsletter, PBH Direct! and any future print or electronic publication provided that the sponsor either:
 - i. fits the Cross Promotion and/or Products Promotable Guidelines as outlined in the Fruits & Veggies—More Matters Guidebook if it is a food product, or
 - ii. if a non-food product, the sponsorship supports the Foundation's values, vision, and mission
 - b. Corporate sponsor logos other than PBH or Fruits & Veggies—More Matters are not allowed on the web site home page, but are allowed elsewhere throughout the web site and as tasteful throughout other print or electronic materials.
 - c. Corporate advertisement policies are noted below.
 8. Advertisements:

The guidelines that appear below have been established to govern various aspects of advertising or promotions on PBH communications vehicles (e.g. web site, newsletters, etc). For these purposes, "Advertising and Advertisements" include banner, badge, and contextual advertising, and other types of promotions.

These guidelines govern issues such as acceptance of advertisements by PBH, the manner of display or removal of advertisements or promotions on various print or electronic PBH communications. PBH has sole and absolute discretion with respect to interpretation and enforcement of this policy and all other issues associated with advertising and promotion in PBH communications vehicles. PBH may alter this policy with approval of the Executive Committee.

 - a. PBH has sole discretion for determining the types of advertising and promotion that will be accepted and displayed on the www.fruitsandveggiesmorematters.org site, in PBH Direct!, and in any future print or electronic publication. Under no circumstances shall PBH's acceptance of any advertisement be considered an endorsement of the product(s) and/or

service(s) advertised or for the company that manufactures, distributes, or promotes such product(s) or service(s).

- b. PBH will not accept advertising that, in PBH's opinion, is not factually accurate and in good taste. PBH will not permit at any time the placement of any advertising for illegal or objectionable products. Determination thereof is at the sole discretion of PBH. Advertising must not contain fraudulent, deceptive, or offensive material, including material that misrepresents, ridicules, or attacks an individual or group on the basis of age, color, national origin, race, religion, sex, sexual orientation or handicap.
- c. Advertising must not be related to any of the following: alcohol, tobacco, ammunition, firearms, fireworks, gambling, pornography or the simulation of news or an emergency.
- d. Advertising of food products must fit the Cross Promotion and/or Products Promotable Guidelines as outlined in the Fruits & Veggies—More Matters Guidebook.
- e. Advertisers must only offer products or services that are readily available for purchase and at the price advertised by the advertiser (with noted tax and delivery fees). The advertising also must clearly identify the advertiser. Any advertising that could be misconstrued as editorial content will be clearly labeled as advertising.
- f. PBH maintains a clear separation between advertising content and editorial content. All advertising content in PBH communications vehicles shall be clearly and unambiguously identified as such, and PBH will not run any advertising that is not clearly identified.
- g. PBH reserves the right to reject, cancel, or remove at any time any advertising from any communications vehicles for any reason and will provide prompt notice to the advertiser upon rejection, cancellation or removal of any advertising. PBH also reserves the right to determine the appropriate placement of the advertising on the www.fruitsandveggiesmorematters.org site and other communications vehicles.
- h. It is the responsibility of the advertiser to comply with all applicable domestic and foreign laws, including applicable laws and regulations of regulatory bodies. This includes food industry advertising to health professionals and consumers that must be in compliance with FDA food labeling guidelines. PBH will not monitor compliance with applicable laws and regulations. However, PBH reserves the right to review all advertising for compliance with applicable laws and regulations and, if PBH becomes aware of any breach or potential breach of any applicable law or regulation or of these guidelines, PBH may remove the advertising.
- i. No advertising shall be permitted which may injure the good name or reputation of PBH or its program and materials.
- j. Advertisement income must be recorded appropriately for accounting and tax purposes.

9. Fundraising:

- a. Grant applications and sponsorship opportunities should support pre-approved annual and long-range goals. If in question, discuss with Executive Committee.
- b. Major donors, in descending order, have first right of refusal to underwrite specific programs. If major donors are not interested in particular programs, then others can be approached. The sponsorships will be made available to Board members electronically with a 30 day period of time in which to commit to a sponsorship before non Board members may be asked to fill the sponsorship.
- c. Fundraising cost not to exceed 25% of total contributions.
- d. Maintain member and contributors records, comply with donor wishes or restrictions, and acknowledge all gifts in a timely fashion.
- e. Must have Executive Committee approval prior to implementation of any new special event fundraising activity. Strive to manage events so that costs do not exceed 25% of total income from event.
- f. Mailing list of names of donors/members cannot be sold or shared with others.

10. Membership:

- a. Membership payment reminder notices: following two reminder notices, the Executive Committee will be notified. Following the third reminder notice and 90 days after membership has expired due to non-payment, a member shall be dropped.
- b. The Fruits & Veggies—More Matters logo are a benefit of membership which is forfeited if annual membership is not renewed.
- c. New license agreements are signed when a logo is altered or newly developed; otherwise once a license is signed it is valid as long as membership is current.
- d. Fruits & Veggies—More Matters and/or 5 A Day Cease and Desist: 120 days after membership has expired due to non-payment, a Fruits & Veggies—More Matters and/or a 5 A Day Program cease and desist letter shall be sent to the non-member.

11. Site and Facility Selection Procedures:

- a. It is the general policy to rotate the annual Board of Trustees meeting in different locations throughout California to encourage greater member attendance. It is also held in conjunction with the annual Dinner/Auction to allow for greater board attendance at this event as well. Additional meetings and other locations may also be approved by the Board at their discretion.
- b. Site selection will be based on the following criteria:
 - i. Most conducive to attendance
 - ii. Travel access and travel cost to area or locality
 - iii. Availability of selected meeting dates
 - iv. Must meet meeting and dinner/auction space requirements and sleeping room requirements
 - v. Reasonable lodging expense

12. Use of Brand Images:

- a. PBH will continue to aggressively encourage industry members and others to use the Fruits & Veggies—More Matters brand logo and messages in their marketing efforts following PBH approval (as agreed upon in the Fruits & Veggies—More Matters brand licensing agreement.)
- b. PBH will not use brand images (e.g. logos, characters) of other food or marketing entities exclusively aligned with individual food companies in PBH materials (e.g. printed materials, websites, etc) if use of the brand precludes any PBH licensee in good standing from benefiting through the marketing of said brand. Use of said brand in PBH materials to show that the company has provided a contribution to support PBH activities (e.g. in-kind, cash, sponsorship, or advertisement) is acceptable. When the situation is not clear-cut or obvious, it will be brought to the executive committee for review. When confidentiality is a high priority, PBH officers may review the situation first to determine if it should be brought to the full executive committee.

13. PR Guidelines:

- a. This document provides guidelines for PBH staff as they interact with trade and consumer media regarding the importance of including fruits and vegetables in a healthy diet, specifically with regard to how PBH staff should respond to media inquiries ranking fruits and vegetables based on their phytochemical content or antioxidant activity.
- b. PR Objectives: The objectives of all PBH public relations are to communicate the health benefits of fruits and vegetables, provide solutions for barriers to fruit and vegetable consumption, and position PBH as an expert resource for fruit and vegetable nutrition and usage information.

- c. Premise: The basis for PR messages is that all fruits and vegetables contribute to the healthfulness of the diet, and eating a wide variety of fruits and vegetables is the best way to maximize their health benefits because:
- i. No limited assortment or individual fruit or vegetable can provide the health benefits that eating a wide variety of fruits and vegetables provides.
 - ii. There is a unique assortment of traditional nutrients, fiber, and phytochemicals in each type of fruit or vegetable.
 - iii. Phytochemicals and their interaction with vitamins, minerals, and fiber hold the promise of explaining the health benefits of fruits and vegetables beyond what is known about the health benefits of traditional nutrients and fiber.
 - iv. However, data on the content, modes of action, and effects of phytochemicals is still emerging and not as complete as the data for traditional nutrients.
- d. Overarching Message – The core messages of Fruits & Veggies—More Matters are:
- Fruits and veggies provide the unrivaled combination of great taste, nutrition, abundant variety and multiple product forms.
 - Eating fruits and veggies matters in maintaining a healthy weight and may reduce the risk of many diseases.
 - All product forms count—fresh, frozen, canned, dried and 100% juice.
 - Eating a colorful variety of fruits and veggies provides a wide range of valuable nutrients like fiber, vitamins and potassium.
 - Every step taken towards eating more fruits and veggies and getting more physical activity helps families be at their best.
 - Make fruits and veggies about half of what you eat, every time you eat.
- e. Guidelines:
- i. One of the overarching messages must be part of all communications with the media.
 - ii. Where federal guidelines exist for traditional nutrients, PBH may proactively place stories that are deemed newsworthy such as the role fruits and vegetables play in providing potassium, both as a class and citing the “good” and “excellent” sources of potassium.
 - iii. PBH may react to media inquiries regarding the health benefits of specific phytochemicals and identify the fruits and vegetables that contain the phytochemicals, provided PBH positions this information in the context of the overarching message and the premise upon which it is based.
 - iv. PBH may react to media inquiries that promote individual or groups of fruits and vegetables as most “nutritious,” but only to broaden the story by providing information based on the above premise, not to lend support to ranking of fruits and vegetables.
 - v. Inquiries regarding specific fruits and vegetables will be referred to industry members representing the commodity and PBH will promptly inform the industry member of the contact.

MEDIA INQUIRY FLOW CHART RELATED TO NUTRIENTS AND PHYTOCHEMICALS

| TOPICS | PBH MEDIA CONTACT | FLOW OF INFORMATION TO BE PROVIDED | INFORMATION NOT PROVIDED | DATA RESOURCES FOR THE MEDIA |
|---------------------------------------|--|---|--|---|
| Individual traditional nutrients | proactive reactive | <ul style="list-style-type: none"> overarching message reason to focus on nutrient availability of nutrient in f/v “good” and “excellent” sources of nutrient | <ul style="list-style-type: none"> rank-ordered list of f/v by content of nutrient | <ul style="list-style-type: none"> FDA nutrition labeling Dietary Guidelines report IOM DRI report |
| Individual phytochemicals | reactive | <ul style="list-style-type: none"> overarching message points 1 and 4 from premise overview of studies on the health benefits of the phytochemical f/v in alphabetical order that contain the phytochemical | <ul style="list-style-type: none"> rank-ordered list of f/v by specific amount of phytochemical | <ul style="list-style-type: none"> USDA Databases: SR17 for carotenoids, Flavonoid Database (explain content does not contain most recent US data) |
| ORAC | reactive | <ul style="list-style-type: none"> explain ORAC is a measure of a food’s antioxidant capabilities; based on serving size f/v contain vitamins, minerals, and phytochemicals that act as antioxidants antioxidants are just one facet of the health promoting properties of f/v | <ul style="list-style-type: none"> rank-ordered list of foods by ORAC score | <ul style="list-style-type: none"> USDA ORAC database |
| F/V ranked by nutritional superiority | reactive-only to broaden perspective to include the value of eating a variety of f/v | <ul style="list-style-type: none"> overarching message points 1-4 of premise recommended f/v servings serving size puts increased consumption in perspective | <ul style="list-style-type: none"> do not lend support to superiority of any set of f/v | |
| Specific fruits and vegetables | reactive | <ul style="list-style-type: none"> overarching message | | <ul style="list-style-type: none"> provide media with contact information of industry member representing the f/v; notify member |

PBH Financial Policies & Procedures

- I. Objective:** The objective of these financial policies and procedures is to provide consistent application of conduct and proper internal controls to safeguard Foundation assets while performing the duties as described in the Foundation's bylaws and constitution. To this end, all funds raised and dispersed in the name of PBH are within the acceptable practices of all 501 c(3) organizations.
- II. Budgetary Process:**
- A. **Initial Budget:** The budget for the Foundation fiscal year shall be initially generated by the staff and appropriate committees and presented to the Executive Committee as part of the annual plan at the fall executive committee meeting.
 - B. **Distribution:** Any Executive Committee changes to the budget and/or annual plan will be sent back to committees as appropriate.
 - C. **Budget Approval:** Final changes will be submitted to Executive Committee for approval prior to December 31.
- III. Management and Control:**
- A. Handling of the Foundation's Funds**
- 1. **Accounts Payable:** The following procedures shall be followed when processing invoices payable by the Foundation.
 - a. On a weekly basis, finance staff shall identify those invoices which are payable and due and write the check covering the invoice.
 - b. Two signatures are required on all checks. Any denials will be determined by the President.
 - c. Copies of bank reconciliations are reviewed by the President prior to finance department review.
 - 2. **Accounts Receivable:** The Foundation's Executive Office shall be responsible for receiving all revenues for the Foundation.
 - a. A second and final notice will be sent for any amounts not paid within thirty (30) days.
 - b. Individuals or businesses wishing to purchase supplies or services may do so by check, personal or business, by personal or business credit card, or by cash.
 - c. All cash remitted to the Foundation shall be recorded by the PBH headquarters immediately upon receipt.
 - d. All receivables remitted to the Foundation shall be deposited in the bank within two (2) business days of receipt at the PBH headquarters.
 - e. All checks shall be stamped endorsed with the account number of the Foundation and the words, "FOR DEPOSIT ONLY," upon receipt.
 - f. The Finance and/or Development staff will ensure that each receivable is identified and logged by General Ledger line code.
 - 3. **Fiscal Year Closing:** The fiscal year begins on January 1 and ends on December 31.
 - a. The Finance Department shall close the books each month by the fifteenth (15th) of the following month. All financial statements shall be internally generated and a copy provided to the President no later than the 20th of each month. A copy of the financial statements shall be provided to the Secretary/Treasurer on a quarterly basis.

- b. At the close of the year, the internally generated statement shall be available for distribution to the Financial Advisory Committee one week before its first meeting of the new fiscal year.
- c. The President shall have the Foundation's financial records officially audited by a certified public accountant.

4. **Capitalization Policy:** Capitalization policy is \$1000 per asset.

B. General Requirement of All Accounts

1. Type of Accounts.

- a. *Operating Fund:* The purpose of the Operating Fund is to provide sufficient cash to meet financial obligations of the Foundation in a timely manner.
- b. *Contingency Fund:* The purpose of the Contingency Fund is to:
 - Enhance the purchasing power of funds held for future expenditure;
 - Maintain the financial stability; and
 - Provide liquidity/cash as required.
- c. *Reserve Fund:* The purpose of the Reserve Fund is to:
 - Enhance the purchasing power of funds held for future expenditure;
 - Maintain the financial stability of the Produce for Better Health Foundation.

2. **Name of Accounts.** All accounts will be in the Produce for Better Health Foundation name.

3. **Operation of Accounts.** Accounts shall be opened and operated to insure funds are managed under acceptable practices of all 501(c)(3) tax exempt organizations

4. **Liquidity.** Maintain a current ratio of greater than 1.

IV. Investment Policy Statement—Updated October 24, 2007

Preamble

This Investment Policy Statement has been adopted by the Board of Trustees of Produce for Better Health Foundation, Inc. (the "Foundation") to provide guidelines for the investment of funds held by the organization.

To manage investment risk and optimize investment returns within acceptable risk parameters, funds held will be divided into three separate investment pools. The process for determining the dollar amount in each pool is set forth in the Procedures Section (Section 1.0) of this document. The three investment pools shall be called the Operating Fund, the Contingency Fund and the Reserve Fund.

Section 1.0: Procedures

To ensure this Investment Policy Statement is consistent with the current mission of the Foundation and accurately reflects its current financial condition:

- This investment policy shall be reviewed annually by the Financial Advisory Committee Chair for any necessary revisions; and
- Recommendations for revisions or modifications will be made by the Financial Advisory Committee to the Executive Committee for approval.

To determine the dollar amounts to be placed in the Contingency and Reserve Funds:

- The Management Staff will recommend the dollar amounts to be placed in the Contingency and Reserve Fund; and
- The Financial Advisory Committee will recommend the dollar amounts to be placed in specific funds to the Executive Committee for final approval.

Dollars not specifically designated for the Contingency and/or Reserve Fund will be restricted to those investments permitted under the Operating Fund's Investment Guidelines (Section 2.2).

To secure the services of or replace investment professional(s) consulting on or managing portions of the Foundation's funds:

- The Management Staff will recommend hiring or replacing the investment professional(s) to the Financial Advisory Committee; and The Financial Advisory Committee along with management staff will review candidates and select successful firm.

OPERATING FUND

Section 2.0: Purpose of the Operating Fund

The purpose of the Operating Fund is to provide sufficient cash to meet financial obligations of the Foundation in a timely manner.

Section 2.1: Investment Objectives of the Operating Fund

Investment objectives of the Operating Fund are:

- Preserving capital;
- Providing liquidity; and
- Optimizing the investment return within the constraints of this policy.

Section 2.2: Investment Guidelines of the Operating Fund

2.2.a: Allowable Investments

The Management Staff is authorized to invest the Operating Fund in:

- Interest-bearing checking.
- Money market funds.
- Federally-insured certificates of deposit, not to exceed \$100,000 per institution;
- Direct obligations of the US Government, its agencies, or instrumentalities; and
- Repurchase agreements in conjunction with bank sweep accounts collateralized by US Government obligations.
- Short term commercial paper or equivalent with an A rating or better.

2.2.b: Maturity

The maturity on investments in the Operating Fund is limited to 6 months or less.

2.2.c: Reporting

The Financial Officer and Administration will prepare a weekly Cash Flow Report and a monthly Financial Statement for presentation to the President and Sr. Vice President containing the following information:

- Schedule of investments; and
- Year-to-date interest income.

CONTINGENCY FUND

Section 3.0: Purpose of the Contingency Fund

The purpose of the Contingency Fund is to:

- Enhance the purchasing power of funds held for future expenditure;
- Maintain the financial stability; and
- Provide liquidity/cash as required.

Section 3.1: Investment Objectives of the Contingency Fund

The long-term goal of the Contingency Fund is to achieve appreciation of assets without exposure to undue risk, as defined herein. It is understood that fluctuating rates of return are characteristic of the securities markets. Recognizing that short-term market fluctuations may cause variations in the account performance, the portfolio is expected to achieve the following objectives over a three-year moving time period:

- The Contingency Fund's total return is expected to exceed the Blended Indexes* by 5% annually. On a quarter-to-quarter basis, the actual returns will fluctuate and can be expected to exceed this target about half the time; and

Understanding that a long-term positive correlation exists between performance volatility (risk) and statistical returns in the securities markets, we have established the following short-term objective:

- The portfolio should be invested to minimize the probability of low negative total returns, defined as a one-year return worse than negative 11.5%. It is anticipated that a loss greater than this will occur no more than one out of twenty years.

****Blended Index Definition:***

The blended index is a combination of the weighted averages of all the comparable indexes. This composite benchmark is constructed based on the target allocations set forth in the Investment Policy Statement. This allows the Finance Committee to monitor the PBH account relative to the weighted-average of the appropriate style indices.

For example:

Capital Campaign Fund

| <u>Investment Style</u> | <u>Comparable Index</u> | <u>% of Total</u> |
|-------------------------|---------------------------------|-------------------|
| Large Cap Value | Russell 1000 Value | 15% |
| Large Cap Growth | Russell 1000 Growth | 15% |
| Mid Cap Core | Russell Mid Cap | 10% |
| Small Cap Core | Russell 2000 | 10% |
| International | MSCI EAFE | 10% |
| Fixed Income | <u>Lehman Int. Gov't/Credit</u> | <u>40%</u> |
| | BLENDDED INDEX | 100% |

Section 3.2: Investment Guidelines of the Contingency Fund

The policies and restrictions presented in this statement serve as a framework to achieve the investment objectives at the level of risk deemed acceptable. These policies and restrictions are designed to minimize interference with efforts to attain overall objectives and to minimize the probability of excluding appropriate investment opportunities. Going forward the addition of Alternative Investments will be considered.

3.2.a: Prohibited Investments

The following investments and investment activities are prohibited:

- Private placements;
- Letter stock;
- Derivatives. However, to the extent that mutual funds are used to implement the Contingency Fund those mutual funds may buy or sell derivatives for the purposes of managing portfolio risk;
- Securities whose issuers have filed a petition for bankruptcy;
- Commodities or commodity contracts;
- Short sales;
- Margin transactions.

3.2.b: Diversification

Individual stocks are subject to a maximum 5% commitment at cost or 10% commitment of the portfolio’s market value for an individual security and 20% for a particular industry.

Individual bonds not guaranteed by the US Government, its agencies, or instrumentalities are subject to a maximum 10% commitment at cost.

3.2.c: Target Asset Mix

The Contingency Fund will be composed of assets from the asset classes listed in the table below. The target weight is the desired weight for each asset class. The minimum weights and maximum weights are to allow for normal market fluctuations. It is the responsibility of the Investment Consultant to remain within the range specified for each asset class. The Investment Consultant should re-balance the portfolio according to the target weights semi-annually.

| ASSET CLASS | MINIMUM WEIGHT | TARGET WEIGHT | MAXIMUM WEIGHT |
|--|----------------|---------------|----------------|
| US Large Capitalization Stocks | 25% | 30% | 35% |
| US Small Capitalization Stocks | 10% | 15% | 20% |
| International Stocks | 10% | 15% | 20% |
| TOTAL EQUITY | | 60% | |
| Intermediate-term US Gov’t/Corp. Bonds | 35% | 40% | 45% |
| TOTAL FIXED INCOME | | 40% | |

3.2.d: Definitions of Asset Classes

Equity asset classes should be maintained at risk levels roughly equivalent to the sectors of the market represented with the objective of exceeding over a three-year moving time a nationally-recognized index measuring the performance of the designated sector, net of fees and commissions. Mutual funds conforming to policy guidelines may be used to implement the investment program. The following definitions shall apply for the purposes of this policy:

US Large Capitalization Stocks: A portfolio of stocks composed primarily of US-based companies having a market capitalization, on average, exceeding \$6.0 billion and whose primary shares trade on a major US exchange. The generally-accepted, nationally-recognized index for this asset class is the Standard & Poor's 500 Stock Index (S&P 500).

US Small Capitalization Stocks: A portfolio of stocks composed primarily of US-based companies having a market capitalization, on average, less than \$2.0 billion. The generally-accepted, nationally-recognized index for this asset class is the Russell 2000 Index.

International Stocks: A portfolio of stocks composed primarily of non-US-based companies whose primary shares trade on a non-US exchange. American Depositary Receipts (ADRs) are considered international stocks. The generally-accepted, nationally-recognized index for this asset class is the Morgan Stanley Capital International Europe-Australasia-Far East Index (EAFE).

Fixed income investments will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. Mutual funds conforming to the policy guidelines may be used to implement the investment program. The following definitions shall apply for the purposes of this policy:

Intermediate-term US Government/Corporate Bonds: A portfolio consisting primarily of fixed income securities rated investment grade or better, denominated in US dollars issued by the US Government or US corporations and having a weighted average maturity of less than 10 years. The generally-accepted, nationally-recognized index for this asset class is the Lehman Brother's Government/Corporate Intermediate-term Bond Index.

Alternative Investments:

Fund of Funds

- A fund of hedge funds (or fund of funds) is an investment vehicle that invests in several hedge funds strategies. Fund of funds may be private or publicly offered vehicles. Public fund of funds are registered under both the Investment Company Act of 1940 and the Securities Act of 1933 and must provide investors with a prospectus and file certain quarterly reports with the SEC. Selected benefits of a fund of funds strategy include: (i) investment professionals overseeing manager evaluation, investment selection, and ongoing monitoring; (ii) participation in a diversified pool of alternative investments; (iii) lower investment minimums; (iv) the potential to reduce individual fund manager risk; (v) potential added value through manager selection; and (vi) shorter investment lock-up periods (relatively greater liquidity) than a single-manager hedge fund. A drawback to a fund of funds strategy is paying an added layer of fees (the fee charged by the fund of funds manager plus the fees charged by the underlying hedge fund managers).

3.2.e: Performance Reporting

The Contingency Fund will be evaluated quarterly on a total return basis. Returns will be compared to:

- Nationally-recognized market indexes.

Comparisons will show results for the latest quarter, the year to date, and since inception. The report will be prepared by the Investment Consultant and will be presented to the Financial Advisory Committee and shared annually with Board of Trustees.

RESERVE FUND

Section 4.0: Purpose of the Reserve Fund

The purpose of the Reserve Fund is to:

- Enhance the purchasing power of funds held for future expenditure;
- Maintain the financial stability of the Produce for Better Health Foundation.

Section 4.1: Investment Objectives of the Reserve Fund

The long-term goal of the Reserve Fund is to achieve appreciation of assets without exposure to undue risk, as defined herein. It is understood that fluctuating rates of return are characteristic of the securities markets. Recognizing that short-term market fluctuations may cause variations in the account performance, the portfolio is expected to achieve the following objectives over a three-year moving time period:

- The Fund's total return is expected to exceed the Blended Indexes annually. On a quarter-to-quarter basis, the actual returns will fluctuate and can be expected to exceed this target about half the time; and

Understanding that a long-term positive correlation exists between performance volatility (risk) and statistical returns in the securities markets, we have established the following short-term objective:

- The portfolio should be invested to minimize the probability of low negative total returns, defined as a one-year return worse than negative 13.5%. It is anticipated that a loss greater than this will occur no more than one out of twenty years.

Section 4.2: Investment Guidelines of the Reserve Fund

The policies and restrictions presented in this statement serve as a framework to achieve the investment objectives at the level of risk deemed acceptable. These policies and restrictions are designed to minimize interference with efforts to attain overall objectives and to minimize the probability of excluding appropriate investment opportunities. Going forward the addition of Alternative Investments will be considered.

4.2.a: Prohibited Investments

The following investments and investment activities are prohibited:

- Private placements;
- Letter stock;
- Derivatives. However, to the extent that mutual funds are used to implement the Contingency Fund those mutual funds may buy or sell derivatives for the purposes of managing portfolio risk;
- Securities whose issuers have filed a petition for bankruptcy;
- Commodities or commodity contracts;
- Short sales;
- Margin transactions.

4.2.b: Diversification

Individual stocks are subject to a maximum 5% commitment at cost or 10% commitment of the portfolio’s market value for an individual security and 20% for a particular industry.

Individual bonds not guaranteed by the US Government, its agencies, or instrumentalities are subject to a maximum 10% commitment at cost.

4.2.c: Target Asset Mix

The Reserve Fund will be composed of assets from the asset classes listed in the table below. The target weight is the desired weight for each asset class. The minimum weights and maximum weights are to allow for normal market fluctuations. It is the responsibility of the Investment Consultant to remain within the range specified for each asset class. The Investment Consultant should re-balance the portfolio according to the target weights semi-annually. If Fixed Income allocation dips below 30% at anytime, it will be rebalanced at that time.

| ASSET CLASS | MINIMUM WEIGHT | TARGET WEIGHT | MAXIMUM WEIGHT |
|--|----------------|---------------|----------------|
| US Large Capitalization Stocks | 15% | 20% | 25% |
| US Mid Capitalization Stocks | 10% | 15% | 20% |
| US Small Capitalization Stocks | 5% | 10% | 15% |
| International Stocks | 10% | 15% | 20% |
| TOTAL EQUITY | | 60% | |
| Intermediate-term US Gov’t/Corp. Bonds | 35% | 40% | 45% |
| TOTAL FIXED INCOME | | 40% | |

4.2.d: Definitions of Asset Classes

Equity asset classes should be maintained at risk levels roughly equivalent to the sectors of the market represented with the objective of exceeding over a three-year moving time a nationally-recognized index measuring the performance of the designated sector, net of fees and commissions. Mutual funds conforming to policy guidelines may be used to implement the investment program. The following definitions shall apply for the purposes of this policy:

US Large Capitalization Stocks: A portfolio of stocks composed primarily of US-based companies having a market capitalization, on average, exceeding \$10.0 billion and whose primary shares trade on a major US exchange. The generally-accepted, nationally-recognized index for this asset class is the Standard & Poor’s 500 Stock Index (S&P 500).

US Mid Capitalization Stocks: A portfolio of stocks composed primarily of US-based companies having a market capitalization, on average, of between \$2.0 billion and \$6.0 billion. The generally-accepted, nationally-recognized index for this asset class is the Russell Mid cap Index.

US Small Capitalization Stocks: A portfolio of stocks composed primarily of US-based companies having a market capitalization, on average, less than \$2.0 billion. The generally-accepted, nationally-recognized index for this asset class is the Russell 2000 Index.

International Stocks: A portfolio of stocks composed primarily of non-US-based companies whose primary shares trade on a non-US exchange. American Depositary Receipts (ADRs) are considered international stocks. The generally-accepted, nationally-recognized index for this asset class is the Morgan Stanley Capital International Europe-Australasia-Far East Index (EAFE).

Fixed income investments will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. Mutual funds conforming to the policy guidelines may be used to implement the investment program. The following definitions shall apply for the purposes of this policy:

Intermediate-term US Government/Corporate Bonds: A portfolio consisting primarily of fixed income securities rated investment grade or better, denominated in US dollars issued by the US Government or US corporations and having a weighted average maturity of less than 10 years. The generally-accepted, nationally-recognized index for this asset class is the Lehman Brother's Government/Corporate Intermediate-term Bond Index.

Alternative Investments:

Fund of Funds

- A fund of hedge funds (or fund of funds) is an investment vehicle that invests in several hedge funds strategies. Fund of funds may be private or publicly offered vehicles. Public fund of funds are registered under both the Investment Company Act of 1940 and the Securities Act of 1933 and must provide investors with a prospectus and file certain quarterly reports with the SEC. Selected benefits of a fund of funds strategy include: (i) investment professionals overseeing manager evaluation, investment selection, and ongoing monitoring; (ii) participation in a diversified pool of alternative investments; (iii) lower investment minimums; (iv) the potential to reduce individual fund manager risk; (v) potential added value through manager selection; and (vi) shorter investment lock-up periods (relatively greater liquidity) than a single-manager hedge fund. A drawback to a fund of funds strategy is paying an added layer of fees (the fee charged by the fund of funds manager plus the fees charged by the underlying hedge fund managers).

5.2.e: Performance Reporting

The Reserve Fund will be evaluated quarterly on a total return basis. Returns will be compared to:

- Nationally-recognized market indexes.

Comparisons will show results for the latest quarter, the year to date, and since inception. The report will be prepared by the Investment Consultant and will be presented to the Financial Advisory Committee.

SPENDING POLICY

In recognition of the total return approach to investing adopted in this policy, the level of spending of Reserve funds allowable in any budget year shall be 5% of the average of the size of the portfolio on December 31, 2007 and December 31, 2006, and December 31, 2005. (The three years are considered rolling years.)

VI. Board Member Financial Policies

When attending meetings, board members will be responsible for their own expenses, including travel, lodging, food and entertainment.

Board Members and Committee Chairs are expected to register and pay full fees for events in which they attend on business for the Foundation. Board Members and Committee Chairs are expected to pay related expenses for meal and break period functions if they do not attend educational events.

In the event the Board of Trustees approves exceptions to the above policy, the following rules will apply:

- a. Lodging will be booked at the facility where the function is held. The traveler is responsible for any amounts that exceed authorization.
- b. Expenses for rental cars will be reimbursed only when required by the Foundation. Midsized or smaller vehicle rental rates will be authorized for reimbursement.
- c. Telephone calls charged to the room are the responsibility of the traveler, unless related to the Foundation. Proof of relation may be required.
- d. Pay television will not be reimbursed by the Foundation.
- e. Individual meals will be reimbursed up to the following schedule upon presentation of valid receipt:
 - Breakfast \$12.00
 - Lunch \$18.00
 - Dinner \$22.00
- f. Air travel will not be reimbursed above coach class rates.
- g. Expenses for alcoholic beverages will not be reimbursed.
- h. The Foundation does not extend cash advances.
- i. All reimbursements will be verified by the President. Each receipt must be an original and specify each expense item in detail. Each traveler shall be expected to complete an approved travel and expense form with all receipts attached.

VII. Code of Conduct for Produce for Better Health Foundation

1. **Purpose:** Public trust and confidence is fundamental to purposes and objectives of the Produce for Better Health Foundation, and a prerequisite to its continued success.
 - To effectively satisfy the Foundations' commitments and obligations to improve the health of everyone, and to maintain trust and confidence, the Foundation, its volunteer leaders and employees must conduct ourselves and discharge our responsibilities to the Foundation with the highest standards of integrity and fair dealing.
 - This Code of Conduct is intended to help achieve these objectives by providing volunteers and employees with guidelines in making decisions which support the Foundation's commitment to these standards.
2. **Policy:** It is the Foundation's policy that all connected with the Foundation conduct themselves in a truthful, honest and ethical manner with the highest standard of integrity and fair dealing. The following standards emphasize the Code's focus on compliance and appropriate conduct:
 - We will comply with applicable local, state and federal laws.
 - We will comply with applicable rules, regulations and standards governing the operation the Foundation,
 - We will avoid conflicts of interest or the appearance of conflicts of interest,
 - We will maintain accurate accounts, books and records
3. **Conflict of Interest:** Annually, the Foundation's Officers and Executive Committee reviews the conflict of interest policy and completes an associated disclosure form.
4. **Use of Foundation Resources:** The best interests of the Foundation are served when its resources are used only for the benefit of the Foundation and its programs. It is the responsibility of all volunteers and employees to ensure Foundation assets and resources are safeguarded and not misused. Employees, directors and officers are expected to exercise reasonable judgment regarding the appropriateness of use of Foundation assets.

5. **Accuracy of Books and Records:** The Foundation maintains a system of internal controls which it believes provide reasonable assurance that the Foundation's assets are safeguarded and that transactions are properly executed and recorded in accordance with established procedures. It is the Foundation's policy that all transactions will be recorded in an accurate and timely manner and in accordance with established procedures. Deliberate falsification of Foundation records is strictly prohibited and subject to disciplinary action, up to and including termination.

a. Document retention and destruction policy:

The purpose of this policy is to: 1) provide a system for complying with document retention laws, 2) ensure that the organization retains valuable documents, 3) protect the organization against allegations of selective document destruction, and, 4) provide for routine destruction of non-business, superfluous, and outdated documents.

Documents that should be retained and the period of retention are in accordance with the Office of the Federal Register. In general, documents that are not subject to a retention requirement should be kept only long enough to accomplish the task for which they were generated.

6. **Whistleblower Policy:** The Foundation's Whistleblower policy is intended to encourage and enable individuals associated with PBH to raise serious concerns within the Organization prior to seeking resolution outside the organization and being free of retaliation. Dishonest, fraudulent and illegal activities will not be tolerated and will be dealt with severely. It is the responsibility of PBH officers, board of trustees and employees to report violations or suspected violations in accordance with the Foundation's Whistleblower policy. No officer, board of trustees or employee who in good faith reports such violations or suspected violations shall suffer harassment, retaliation or adverse employment consequence. The Chairman of the Board and the President will have overall responsibility for overseeing compliance with this policy and for the investigation of suspected dishonest or fraudulent activities. All officers and employees must be alert for dishonest, fraudulent and illegal activities. Such activities or irregularities may include, but are not limited to:

- Alteration or intentional misstatement of Foundation reports and records (including expense reports and purchasing activities),
- Forgery or other unauthorized or improper alteration of checks, drafts and securities,
- Any misappropriation of funds, supplies or other assets,
- Any irregularity in the handling or reporting of monetary transactions,
- Unauthorized disposal of Foundation assets, or
- Any illegal act

In the event officers, board of trustees and/or employees are made aware of any of the above activities or other dishonest, fraudulent or illegal activities, they should immediately notify, as appropriate, the Chair, the President or their immediate supervisor. All such communications will be held in strict confidence. Upon learning of these matters, supervisors are responsible for immediately notifying the President and the Chairman of the Executive Committee. A summary of reports received under this policy will be communicated to the PBH Audit Committee.

7. **Annual Reporting:** Annually, in conjunction with the review by the Foundation's external auditor, the President should disclose compliance with this Code.