



Family Governance Charter

Proposed by Bork, [date]

Adopted [date]

PURPOSE

It is the purpose of this Charter to set out the manner in which owners and management will conduct themselves so that a professional, business-like, entrepreneurial, harmonious atmosphere will be created in which to accomplish the goals of the organization. As such, the Charter empowers the Board and management to conduct company business in a way which will enlist individual and collective initiatives to accomplish common goals, employing those corporate practices which historically have proven effective in this and countless other business enterprises. Therefore, this Charter should be viewed as an important guideline for the Board and management, but always subordinate to fiduciary responsibilities and corporate and partnership statutes. Additionally, the Charter recognizes the appropriate roles of the owners – individuals and others – in choosing those who will represent them on the Board, and provides for access directly to the Chairman to voice any concerns they may have.

The Charter recognizes that [Company Name] **Statement of Mission and Principles** expresses the high purposes of this organization and its reason for being. The **Statement of Mission and Principles** provides the basis for family members continuing their association through a common business enterprise. It is the cornerstone of all our endeavors.

GOVERNANCE STRUCTURE

At the heart of the Family Governance Charter is one active, decision-making governing Board. For now the Governing Board is the board of [Company Name] because it is the entity at the apex of all [Company Name] related organizations. In the future if the apex entity changes, the Governing Board would be the board of directors of the new apex entity. The Governing Board is referred to herein as the Board.

The members of the Board will be selected by the owners. The membership of all corporate, partnership, and other boards, will be approved by and accountable to the Board.

The Board membership will consist of:

- S** A number (to be determined by the Board) of family members who beneficially own shares of [Company Name] , who will be elected by the owners.
- S** The President/CEO of [Company Name], who will be elected by the Board.
- S** X (number to be determined) non-family, non-management individuals who bring special talent to the Board who will be elected by the Board.

The Board, in its discretion, may increase or decrease the number of directors to be elected in each category.

RESPONSIBILITIES OF DIRECTORS

The Directors' responsibility is to actively oversee management, but they will not attempt to run the day-to-day operation of [Company Name], or any subsidiary of same.

The Directors duties are as follows:

- S** The Board of Directors will establish policy and overall direction for the Organization in accordance with the collective interests of its owners and [Company Name] Statement of Mission and Principles.
- S** The Directors will elect the Chairman of the Board, and review his performance annually.
- S** The Board will elect all officers and review their performance annually.
- S** The Board may redefine the duties of the Chairman of the Board and President/CEO to best utilize the backgrounds and talents of the individuals who are elected to these positions.
- S** The Board will form, appoint the members of and oversee a Compensation Committee.
- S** The Board will form, appoint the members of and oversee an Audit Committee.
- S** The Board will oversee the performance of all other statutory and legal requirements of a Board of Directors for all the legal entities.
- S** Any vacancy in the Board may be filled by a majority of the remaining members of the Board at any meeting of the Board.
- S** Directors terms will be staggered, so that every year only one third of the board will be up for election.

RESPONSIBILITIES OF THE CHAIRMAN

The Chairman of the Board should be a family member who can help preserve integrity and fair dealing which is part of the family's heritage. His duties require the full-time attention of a qualified individual and he should be compensated accordingly as established by the Compensation Committee of the Board.

The Chairman is responsible to the Board for organizing and leading the Board in performing its duties. The Chairman maintains effective communication with management in order to meet both the Board's and management's needs. In the process he will preserve the distinction between the Board's policy setting function and management's responsibility for implementing those policies. At the same time he will assure that the Board will not default to management the responsibilities of the Board. The Chairman will be guided by [Company Name] Statement of Mission and Principles.

Specific responsibilities are:

- S** The Chairman will preside at the meetings of the Board, and together with the President/CEO will develop agendas.
- S** The Chairman will be active in promoting the image of [Company Name] to family members and clients, and will assist the President/CEO in marketing efforts.
- S** The Chairman will continuously monitor the performance of management to see that work is being conducted in accordance with approved policies, and report on his findings to the Board.
- S** The Chairman will lead the long range planning for the Organization. In this regard he will nominate a committee from the Board and management to help formulate ideas for Board approval.
- S** The Chairman will oversee the direct communication between the family and the Board. He will not only oversee this work, but will actively talk to family members and listen to their ideas.
- S** The Chairman will nominate for Board approval a Compensation Committee. He will not chair this committee but will be a member. He will see that the committee's work is performed and reported to the entire Board in a timely manner.
- S** The Chairman will nominate for Board approval an Audit Committee. None of the members of this committee will be employees. He will not chair this committee nor be a member, but will be invited to attend committee meetings. He will review the work of this committee and see that it is reported to the Board in a timely manner.
- S** The Chairman, through the chairman of the Nominating Committee, will see that the work of the Nominating Committee is performed in a timely manner. He will not be a member, but he will be invited to attend Committee meetings.
- S** Each year the Chairman will conduct an executive session of the Board where the performance of the President/CEO and senior officers are reviewed. He will communicate the results of the President's/CEO's review to the President/CEO.
- S** The Chairman will insure that educational activities are available for younger members of the [Family Name] family and adult educational seminars for all family members. He will participate in the education process.

RESPONSIBILITIES OF THE PRESIDENT/CEO

The President/CEO is responsible to the Board for leading the management in conducting the business of the Organization. He need not be a family member, nor is there any implied restriction if a qualified family member is available. However, since the President/CEO and the Chairman of the Board perform two distinct functions, no individual should hold both officers concurrently.

The responsibilities of the President/CEO are s follows:

- S** The President/CEO will implement the policies established by the Board and will operate within legal and regulatory requirements.

- S** The President/CEO will be guided by the [Company Name] Statement of Mission and Principles.
- S** The President/CEO will regularly inform the Board of the progress made in implementing the Organization's plans and report the financial results obtained.
- S** The President/CEO will keep the Board informed on all major issues and developments that affect the Organization, and on management's plans.
- S** The President/CEO will serve as a Director, attend Board meetings, and cooperate with the Chairman in all matters, including the development of agendas for the Board and the Chairman's oversight role in monitoring the operations of the Organization.
- S** The President/CEO will cause regular reports about the Organization to be prepared for the family and Board members.
- S** The President/CEO will see that management fully cooperates with the Audit Committee.
- S** The President/CEO will assist the Chairman in long range planning.
- S** The President/CEO will promptly communicate to the Chairman areas where he feels that they are not working in harmony, and if they are unable to find a mutually satisfactory solution, they jointly will bring the problem before the Board for resolution.

This document, while not complete, is an integral part of any project in which Bork will assist the principals in addressing the on-going working relationship between the Chairman of [Company Name], its President/CEO and shareholders.