

EXAMPLE Board Observers Policy

1. One family member (shareholder or spouse) from each 'branch' (ABC or XYZ) will have the opportunity to serve as Primary Observer for a full year of meetings (a 'term'). Opportunities will be provided to the oldest family member or spouse in each branch who has not yet served as Primary Observer. Should that family member decline, the opportunity will be offered to the next oldest who has not yet served as primary.
2. If the primary is unable to attend a meeting during his or her term, he or she is expected to find an alternate as quickly as possible and at least a month in advance, to give the alternate the time to prepare & schedule as needed.
3. A matrix exists on the family portal showing which family members have attended Board Meetings. In order to find a replacement, the primary should first ask the oldest family member who, according to the matrix, has not yet attended a Board Meeting corresponding to the meeting in question (for example, the Spring meeting), and continue in like fashion down the matrix until a replacement is found. The Primary must also arrange access to the relevant Board Meeting documents for the alternate as quickly as possible.
4. Expenses for participation and a stipend of \$1,000 per meeting will be paid to board observers.
5. Board observers will be asked to provide a written update of their impressions of the meeting to the family – reviewing these notes with the Board Chair first, to ensure any needed confidentiality is respected.
6. All family members will be considered over time to serve in this capacity, but none will be required. The family council is empowered to add family members who are suited and ready to serve to the matrix as potential observers for the coming year. Work experience may be an appropriate consideration on 'readiness'.
7. Board observers will be provided board materials and expected to review them and prepare so they can effectively follow the discussions being held.
8. Board Observers will be provided with a 'point person' (senior executive or Director) to whom they can direct questions about Board materials in advance, and who will reach out to them after the meeting to ensure they have internalized and understood the key elements or development in any given Board Meeting.
9. The expectation is that this is an 'observer' role primarily – that is, Board observers are there to listen but not partake in the discussion during the core board meeting. At the end of the meeting (but before executive session), Board observers will be invited to share their views of the company and meeting – offering questions or insights as encouraged by Directors.
10. Board observers understand that there are portions of a board meeting where they may be asked to step out, and Board observers will not participate in committee meetings.
11. Board observers are required to have signed the relevant Confidentiality Agreement before they may participate, and are reminded that strict adherence to its provisions is required.

NOTE: To help prepare family members for their responsibilities as stewards, board observers and eventually possible board directors – the family council will put time and effort towards training and education of family on governance. In addition, board directors may be asked, from time to time, to share insights, guidance or mentoring in support of shareholder development.