



MODULE 02

Family Governance, Leadership and Succession

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FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | INTRODUCTION AND OVERVIEW |

*“Leading from the heart of the family,
not just head of the table.”*

One of the major differences between legacy families that retain their wealth and stature and those that do not is that the former invests time and effort in addressing issues that go beyond financial wealth – focusing on money matters, of course, but also addressing the ‘soft’ factors such as family values and organization which are equally relevant to long-term family success.

Most families with a tradition of successfully preserving wealth and family harmony across generations would have some form of a Family Council, a formal group made up of family members – and, in some cases, trusted outsiders, as well – which represents the family as a whole in considering and making decisions on the full array of family issues.

A Structured Approach to Organization and Operation

A structured approach to family organization and leadership is a core element in family wealth and legacy planning, an initiative and approach to family oversight shared by almost all families that preserve their family unity and harmony across generations, as well as safeguarding the value of their financial, property and business assets.

Designing and implementing the right approach to family governance and leadership model for a specific family requires a deep understanding of where the family came from, how they operate, what degree of ‘togetherness’ is right for them now, and how the family is likely to evolve across coming generations.

It will also need to be based upon a shared understanding of a family’s ‘soft factors’, including its history, culture, relationships, informal and formal networks, and approaches to conflict-avoidance and dispute resolution mechanisms. Leadership is always challenging for the individuals involved, calling for a unique approach which combines ‘leading from the heart of the family’ as well as providing guidance from ‘the head of the table’.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | INTRODUCTION AND OVERVIEW | cont'd

Depending upon the size and complexity of a family, governance systems may need to be very comprehensive, robust and well defined. Governance systems define leadership models and put in place the governing and oversight bodies to ensure that the family is well structured and capable of pursuing its overall purpose and specific initiatives in support of that purpose. These bodies and governing principles typically include a family council, family meetings, philanthropic boards, family business boards, and specify family member leadership roles, and individual rights, responsibilities and values.

In all cases, family governance will need to be considered as a coordinated set of organizational entities, governing documents, operating principles and approaches sympathetic to family culture and all relevant groups and individuals within the family. The 'hard' elements of governance setting out the structural approach and operating protocols need to be balanced with an approach that takes into account the 'soft' social and individual issues (which one sage said should actually be called the 'even harder' issues).

Finding the right blend of togetherness, freedom, direction, guidance, participation, communication and engagement will be essential in establishing and maintaining a successful multi-generational governance, leadership and succession.

In other situations, where the family is smaller, commercial and philanthropic oversight less demanding, and where there is little need to consider such issues as branch balancing or generational transition, a leaner model may be in place until there is a need for a more comprehensive approach. As family and business complexity grow, the organizational structure and related operating principles should evolve to ensure that the requisite support is in place to support the family's wealth and legacy aspirations.

The Elements of Family Governance

In most legacy families, a family constitution, family council, family meeting and a range of other supporting bodies and committees make up the approach to family governance. This may, or may not, include the corporate and other structures of a family business.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | INTRODUCTION AND OVERVIEW | cont'd

Establishing, and adhering to the principles and approaches enshrined in these elements is an important step in establishing a solid foundation for future unity and harmony in the family across generations.

There are many benefits to a formalized approach to governance, leadership and succession. Such an approach reduces frictions created by unresolved differences on matters of importance, misunderstanding of family policies and principles, conflict and competition between individuals, generations and branches and, perhaps most importantly, creates an environment where decisions are made on policy, not on an ad hominem basis.

Such decisions as when a family leader steps down, when family members are eligible to join the business or be proposed for leadership positions, what family investment and distribution policies should be determined, and other similarly sensitive decisions can be established as matters of policy before they become issues related to any individual.

The typical elements of family governance and leadership include a family Constitution, a family Council, and a regular (often annual) Family Meeting.

Family Constitution

Just as countries benefit from having a written constitution, so too do wealthy families. Legacy families that have a complicated family enterprise benefit from greater definition in their family constitution. Internal family dynamics and external relationships should be well understood and documented.

Many organizations have a governing document that captures purpose, mission, vision and values, which in turn serves as an operating guide. A family constitution can also serve as an operating guide, defining purpose, vision and values, family and business structures, rules and member rights, forum meeting guidelines and checks and balances.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | INTRODUCTION AND OVERVIEW | cont'd

The Family Council

The overall purpose of a Family Council is often related to supporting the broader objectives of a family and its leaders: family unity, harmony, a positive and supportive culture and values, development and pursuit of an ambitious agenda for the future, reflecting an appropriate degree of togetherness and cohesion, and defining and overseeing family members across branches and generations in their roles related to family business, investment or philanthropy. The ability to strengthen bonds between family members, build trust between individuals and generations, and 'carry forward the traditions and values of a name worthy of respect' can all be seen as important elements in the family's long-term success.

What does a Family Council do?

The overall objective of the Family Council is to take an integrated and long-term view of all aspects of the family and its enterprise, to establish a sense of purpose, define a shared long-term vision and set of values, design medium term strategies to pursue a defined set of priority goals, and put in place the resources and short-term action plans to implement those strategies successfully.

The Family Council is also the repository of accumulated family history, knowledge and wisdom, family reputation, culture and values, and the 'keeper of the flame' on positive family and individual identity and progress where possible.

This requires, inter alia, establishing, operating and adjusting as necessary the governance bodies, operating principles and oversight of the family and related activities for generational transitions and leadership successions. It would take into account:

- family vision, strategies, action plans and supporting resources.
- family dynamics: relationships and individual issues, including conflicts and disputes values and culture ('soft factors').
- business, investment and other financial, legal and commercial matters related to the family's total wealth.
- risk management, taking into account all types of priority risk and potential response.
- Individual roles, rights and responsibilities.
- the leadership model and succession planning.
- family educational programmes and social activities.
- communication
- issues related to the family office and ecosystem.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | INTRODUCTION AND OVERVIEW | cont'd

Family Business Board

If there is a large family business, a Shareholders' Forum, board of directors, or representative family body may also be included. Depending upon the family's interests and culture, the family business board can sit above, alongside or below the family council in the hierarchy of family institutions.

The Family Meeting

A regular, possibly annual, family meeting is one of the most important elements of a well-equipped family. Such an event would usually involve a broad group of family members of different ages and generations, often including in-laws and even non-family members as invited guests as speakers or as a core part of the family's ecosystem.

The agenda may have two parts: one part reserved to family members above a certain age to address family, wealth, business, philanthropic and other matters; and another more inclusive group reviewing broader matters and building on the social aspects of the family through joint activities. This latter set of activities will involve meals, events and other activities focused on enjoying time together, building bonds and reinforcing trust between family members and their leadership team.

Other elements of the system of governance and leadership can include a family office board, an advisory board of both family members and outside experts and friends, an investment committee, philanthropic board, strategy and family development committee, dispute resolution committee and other bodies.



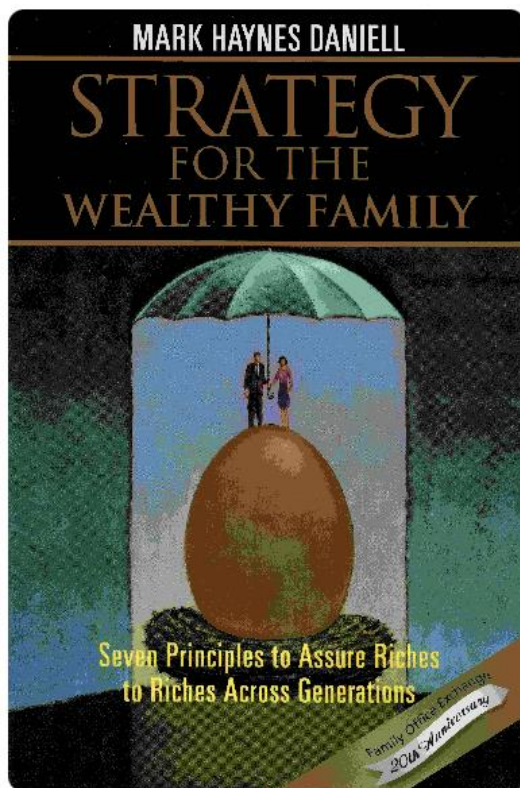
FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | KEY QUESTIONS |

1	How – and how well – is the family currently organized?
2	How well is the current leadership model working and how is performance measured?
3	What is the right degree of formal governance for the family and the broader family enterprise?
4	How should the family (and its business, philanthropy, family office and “ecosystem”) be structured and led?
5	How can the family best prepare itself and its members for future transitions and new challenges?
6	How can the family best take advantage of opportunities and minimize risks through effective approaches to governance, leadership, succession, feedback and resolution of potentially damaging disputes and grievances?



Strategy for the Wealthy Family



Principle 2: Family Organization and Leadership Pages 53 to 54

Chapters 7 to 8: Pages 65 to 96

Example 2: Family Constitution Pages 403 to 430



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | E-LESSON | GLS1001

01. Introduction: Family Governance and Leadership |

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Guidance

Depending upon the size and complexity of a family, governance systems may need to be very comprehensive, robust and well defined, or limited, focused and less formal in some ways.

Governance systems define leadership models and put in place the governing and oversight bodies to ensure that the family is well structured and capable of pursuing its overall purpose and specific initiatives in support of that purpose. These bodies and governing principles typically include a family council, family meetings, philanthropic boards, family business boards, and specify family member leadership roles, and individual rights, responsibilities and values.

A fair and effective leadership model and organizational governance structure, when supported by the family, lays the groundwork for multi-generational success. This will require you to:

- Decide on your philosophy and approach to governance, selecting those elements you wish to include, and ensuring there is a shared understanding of how things will operate in the future.
- Consider the costs and benefits of each decision, role, tier, value set, etc. as you begin your journey.
- Define how non-family resources will be involved as advisors or team members.
- Decide if in-laws are family members or non-family members have a role to play in the governance system.
- Some wealthy families consider in-laws to a potential threat to stability, while others recognize them as essential family members vital to the long-term success of the family.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | E-LESSON | GLS1005

02. Establishing a System of Formal Governance |

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Guidance

Successful legacy families have a formal system of governance that is defined in a family constitution.

A formal system of governance allows the family to achieve many objectives simultaneously:

- Provides a clear model of leadership
- Guides the family through change
- Reduces friction
- Provides clarity on potential roles, rights and responsibilities
- Provides a forum for communication
- Reduces uncertainty
- Encourages engagement

A formal governance system is best captured in a written family constitution, which defines family purpose, values, structures and operating processes. The constitution is usually developed and implemented by one or more family leaders, a board of directors or a Family Council or similar supreme body for the family that acts in many ways like a board of directors.

The council is usually multi-generational and can include a minority of non-family members who act as independent advisors. This council meets periodically, perhaps four times per year, and usually is supported by the work of one or more committees reporting to the head of the Family Council.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | E-LESSON | GLS1005

02. Establishing a System of Formal Governance | cont'd

An effective family council may seek to maximize diversity in its membership, having representatives from each branch and each generation of the family. By having each group represented and tied to a central structure, the work and philosophy of the family business can flow to all members of the family effectively through the organization.

Purpose of Family Governance

To create bodies that support the achievement of the Family Purpose, represent all members of the family, provide prudent, organized leadership and the checks and balances needed to avoid major family risks or catastrophes.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | E-LESSON | GLS1006

03. Family Council |

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Introduction

Successful legacy families usually have a well-defined formal system of governance.

A family governance system usually starts with a family constitution or family compact. A family council, which serves as a family “board of directors”, is typically defined in the constitution.

The family council may also be responsible for the management and implementation of specific operations, family duties or projects, such as generational transition programs, leadership succession, business divestiture and acquisition, or philanthropy programs.

Guidance

The Family Council is an important component of family governance. The Council heavily influences decision making, which determines the success or failure of a family enterprises over time. Since the Council can make, or at least exercise significant influence on, strategic family and business decisions, it should be structured to ensure that all branches and adult generations are represented.

The family leadership council operates in some ways like a board of directors and can incorporate trusted non-family members. However, in most cases the Family Council is made up solely by family members.

The primary functions of the council are to:

- Represent all family members, branches, generations or other important elements
- Set direction
- Make decisions
- Resolve disputes
- Guide other institutions, entities and activities in the family



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03. Family Council | cont'd

With a deep understanding of the family's character and values, the Council usually oversees the entire family organization. The council knows what makes the family unique and uses these differences as advantages.

Family Councils set rules and provide guidance on such matters as family member qualification, roles available and qualifications and promotions, succession or retirement criteria. The Council also sets the tone for long-term strategies, documents and education policy.

Although each Council member may not have a specific title (besides the chairperson), each member may play different roles and have thus a set of specific rights and responsibilities.

The roles of the Family Council may include:

- Creating a forum for the family to air their concerns—money, jobs, career development, education, training, succession
- Developing shared expectations for smooth decision-making and implementation
- Building a stronger family and family business
- Planning for the future: ownership, participation and succession
- Managing inherited wealth
- Preserving family tradition and history
- Managing family business relations
- Recognizing and resolving conflict
- Educating the next generation



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03. Family Council | cont'd

The Family Council also oversees critical short-term projects, which will need to be handled well and should often be subject to formal governance and review, such as a specific generational transition project.

A generational transition transfers the responsibilities of business, governance, philanthropy and succession planning to next generation leaders, and must be designed with great sensitivity and wisdom.

Other critical examples of short-term projects include:

- Leadership succession
- Sale or acquisition of a business
- Establishment of a philanthropy strategy
- Initiation of a new NextGen educational purpose

Projects that have big strategic impact on the family or family business are usually the province of the Family Council. Even if short term, high-impact projects should be handled with care, wisdom, creativity and experience. Cross-disciplinary, multi-generational, and high-impact projects are all usually governed by the family council.



FAMILY WEALTH AND LEGACY PLANNING

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04. Family Constitution |

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Just as countries benefit from having a written constitution, so too do wealthy families. Legacy families that have a complicated family enterprise benefit from greater definition in their Family Constitution. Internal family dynamics and external relationships should be well understood and documented.

Many organizations have a governing document that captures purpose, mission, vision and values, which in turn serves as an operating guide. A Family Constitution can also serve as an operating guide, defining purpose, vision and values, family and business structure, rules and member rights, forum meeting guidelines and checks and balances.

Questions to be considered in a Family Constitution:

- How will family membership be determined?
- What will the process for membership be?
- Who will have voting rights?
- Who will have economic rights?
- Which bodies or individuals will be responsible for each area of activity?
- How will balanced representation be ensured?
- What is the amendment process?
- What are the checks and balances of power?
- Imposing limits
- Rotating positions to prevent one group from holding too much power
- Consulting independent family advisory board to prevent issues from going to court and leaving lasting damage
- How will disputes be resolved?
- Is there a “Bill of Rights” and balancing “Bill of Responsibilities” for each family member?
- Is there an opportunity or obligation for individuals to “opt in” or “opt out” of the family (business)?



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | E-LESSON | GLS1008

04. Family Constitution | cont'd

A Family Constitution may contain a 'Bill of Rights' for family members and a (sometimes overlooked) Statement of Responsibilities. The Bill of Rights clearly describes the potential roles and rights granted to family members, as well as the values and expectations to guide their conduct.

The Statement of Responsibility complements the Bill of Rights by assigning accountability and ownership as family members exercise their rights and uphold their duties defined in the bill of rights—working towards common goals, acting with discretion, educating themselves, working hard, and acting with respect.

Family constitutions are only as valuable as their implementation. Values and expectations will fade unless the constitution is constantly followed by all family members. If constructed and implemented correctly, a constitution can contribute enormously to a unified family and enduring legacy.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | E-LESSON | GLS1009

05. Family Meetings | cont'd

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Key Takeaways

Family meetings are a great opportunity to bring the entire family together, including extended relatives

A formal agenda should be set for family meetings

Who is eligible to attend the meetings should be decided beforehand

Family meetings usually take place on an annual basis and can often last from one day to a full week and are paired with fun activities for the entire family

Some matters to be discussed during the family meetings include:

- Open issues from previous family meetings
- Objectives of the current year
- A review of the current year and election on succession to key family positions
- State of the family business
- Wealth management
- Risk management
- Plans for the coming year

It is relevant to consider in each area, that there are both 'hard' (technical) and 'soft' (culture and people) issues to take into consideration.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | E-LESSON | GLS1009

05. Family Meetings | cont'd

Guidance

A family meeting is a great opportunity to involve the entire family. Family meetings can take place every 1 to 5 years, depending on family size, location, culture and logistics. A Family Meeting would typically include all bloodline family members, family shareholders, spouses, children and very important family guests.

Family meetings serve to discuss business, socialize and possibly vote on important matters affecting the family. The agenda for family meetings is usually specified in the family constitution. For example:

- Establish the purpose of the meeting.
- Determine who is eligible to attend, and in which activities attendees are expected to participate.
- Review the current year, including family goals and accomplishments.
- Discuss the upcoming year and long-term plans.
- Family networking activities for the broader family
- Share experiences.
- Measure progress
- Compare notes.
- Reinforce the past.
- Discuss ongoing endeavors and issues.
- Identify and focus on stories that connect people.
- Reinforce the future direction of the family business.

The agenda should be concise and determined by the council to solidify the purpose of the meeting. Not only does the meeting have business purpose, but it also reinforces the social bonds that are vital and unique to family businesses. Family meetings can have lasting positive effects.

Family meetings should be fun and celebrate what the family stands for, the progress of individual family members, family values, victories, and business progress. It may help to find a nice location where your family can get away to celebrate, have fun, network, team build and be productive!



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | KEY DOCUMENTS - CHECKLIST OF POTENTIAL ELEMENTS OF GOVERNANCE

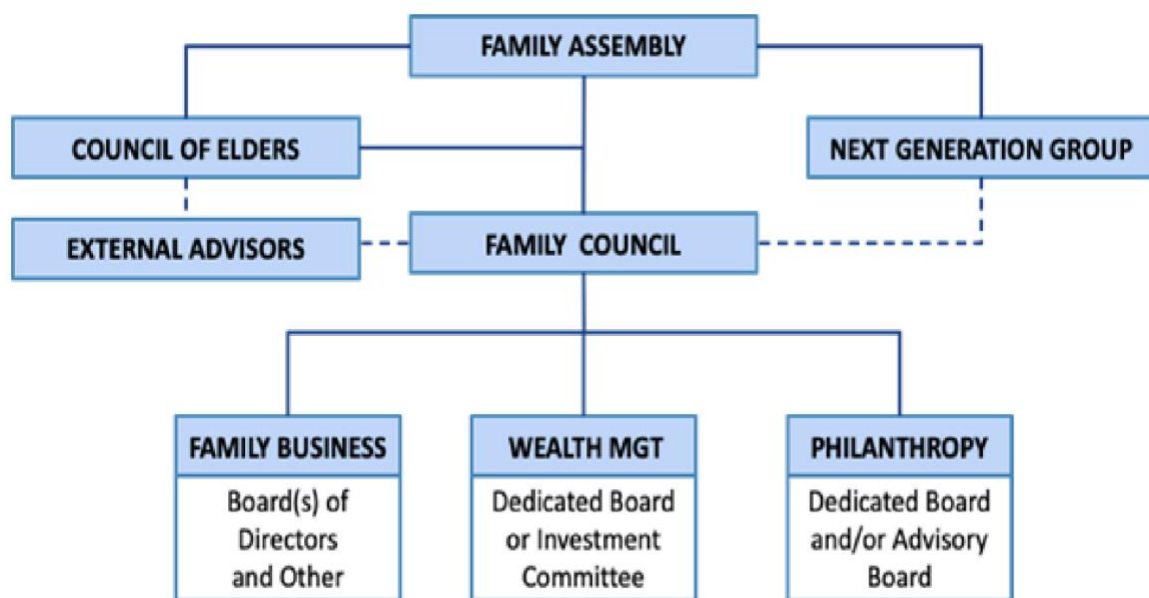
KEY DOCUMENT 1: CHECKLIST OF POTENTIAL ELEMENTS OF GOVERNANCE
(EXAMPLE HERE AND EDITABLE TEMPLATE VERSION TO BE DOWNLOADED ON PAGE XX)

POSSIBLE ELEMENTS OF FAMILY ORGANIZATION	SELECTED
Family Meetings	Yes
Family Council	Yes
Council of Elders	No
Advisory Board (partially non-family members)	Yes
Next Generation Group	Yes
Family Funds/Wealth Management Board	Yes
Family Business Board	No
Family Philanthropic/Foundation Board	No
Family Office and Board of Directors	Yes



KEY DOCUMENT II: STRUCTURE OF FORMAL FAMILY GOVERNANCE SYSTEM
(EXAMPLE HERE AND EDITABLE TEMPLATE VERSION TO BE DOWNLOADED ON PAGE XX)

Family Governance Structure for a large Multi-Generational Family





FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | KEY DOCUMENTS – STREAMLINED FAMILY CONSTITUTION

KEY DOCUMENT III: STREAMLINED FAMILY CONSTITUTION

(EXAMPLE HERE AND EDITABLE TEMPLATE VERSION TO BE DOWNLOADED ON PAGE XX)

CUSCADEN FAMILY CONSTITUTION PREAMBLE

It is our shared purpose here to organize the Cuscaden family's approach to governance and leadership of the entire family as defined below, to define our principles and approach to family business and wealth management, and to organize and inspire the members of our family to engage in philanthropic affairs – and to do so in a mutually agreed, open and effective manner.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | KEY DOCUMENTS – STREAMLINED FAMILY CONSTITUTION | cont'd

FAMILY DEFINITION, PURPOSE AND VALUES

I. DEFINITION OF THE CUSCADEN FAMILY

The Cuscaden family shall be defined to include all bloodline descendants of James and Sarah Cuscaden, and their children adopted before the age of five.

II. STATEMENT OF CUSCADEN FAMILY PURPOSE

It is our purpose to work together as a family to create an enduring legacy for our shared family enterprise, which is greater than our individual selves. That family enterprise shall include our collective family and its individual Family Members, our businesses, family investments and societal contributions.

Fulfilling this purpose will require all members of our family to commit to our common aspiration and respect the values and actions necessary, at all times and in all environments, to:

- A. Be a united and harmonious family.
- B. Act as good owners of successful businesses and other investment
- C. Demonstrate responsible individual behavior.
- D. Reinforce and carry forward the traditions and values of a name worthy of respect.

Engagement of the family and all of its members: It is our objective to engage every Family Member in a shared effort to achieve these high common aspirations.

In so doing, we shall create a family legacy worthy of respect and the creation of something together which is greater than anything we could create if separate.



FAMILY DEFINITION, PURPOSE AND VALUES

III. FAMILY VISION – THE “WHAT”

Cuscaden Vision Statement

1. The Cuscaden Family will work together to preserve and build our highly respected family business, applying the values of hard work and thrift; we shall develop a unique approach to our family business ownership, governance and management so there is an appropriate place for every family member in our family business.
2. We shall create a substantial family philanthropic enterprise to support the education of women and children in the world's ten poorest countries, with each family member spending a minimum of six months working in this charity before reaching the age of 25.
3. We shall develop an approach to family education that builds on our multi-cultural roots to be highly engaged citizens of the world, reaffirming in each generation our collective reputation as “capitalists with a conscience”.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | KEY DOCUMENTS – STREAMLINED FAMILY CONSTITUTION | cont'd

FAMILY DEFINITION, PURPOSE AND VALUES

IV. FAMILY VALUES AND GUIDING PRINCIPLES

VALUE	GUIDING PRINCIPLES
LOYALTY	We shall place the interests of the group above our own individual interests, and always speak positively about our family and all its members in public. We shall act in a fair, reliable and honorable manner at all times in order to build the bonds of trust that will justify and reinforce our shared sense of family loyalty. We shall let no one come between us.
HARD WORK	Is defined by the level and extent of our effort, ability to focus on a specific task and follow it through to completion, never giving up, setting and achieving high standards and inspiring teams and team members - by example - to achieve their own full potential. We will acknowledge and reward the hard work of our employees and family members across all aspects of our family enterprise.
KNOWLEDGE	We shall appreciate the knowledge and wisdom of others and do our best to maximize the intellectual capital resident in our family and our members.
INTEGRITY	Means living by sustainable values, telling the truth, honoring our word, and 'doing the right thing even though no one is watching'.
MODESTY	We shall remain modest and respectful in the way we treat each other, employees, clients and suppliers in our family enterprise, and anyone who meets our family in any way. We shall always remain down to earth and well-grounded, avoiding arrogance in attitude and behavior or other behaviors inconsistent with an appreciation of the equality, dignity and respect due to all human beings .



FAMILY DEFINITION, PURPOSE AND VALUES

V. FAMILY MEMBER RIGHTS AND RESPONSIBILITIES

Membership of the family shall carry with it certain rights and responsibilities common to all members, both Voting and Non-voting alike.

Membership of the family shall carry with it certain rights and responsibilities, which all Members agree to by signing this document:

A. Rights for all Members:

1. Attend Annual Family Meetings and family-sponsored social events.
2. Receive information concerning the family-sponsored philanthropic activities of the Cuscaden Foundation.
3. Be considered for participation in philanthropic initiatives and activities of the Foundation.
4. Be considered for participation as supporting members of the Committees and initiatives of the Family Council.
5. Raise relevant issues to the Chair of the Family Council for due consideration.

B. Responsibilities for all Family Members:

1. Act always to support the long-term best interests and positive reputation of the family.
2. Act as conscious ambassadors always protecting and enhancing our family reputation and, in all places.
3. Understand and respect the family's approach to family governance and the leadership of its business, commercial and philanthropic affairs.
4. Be effective owners and responsible stewards of our family business.
5. Pursue a lifelong education to learn how to be effective owners of our businesses and contributing members of our family.



APPROACH TO FAMILY GOVERNANCE

There are six coordinated elements of the family's approach to governance addressed by this Family Constitution: The Family Council, Annual Family Meeting with supporting social activities during the year, Family Philanthropic Foundation, Family Advisory Board, Family Office, and a process of Dispute Resolution.

The purpose, composition, leadership, expected operations and committees/supporting activities of each are spelled out below:

VI. FAMILY COUNCIL

The purpose of the Family Council is to address and enhance the long-term potential of the family and its individual members, the business and family philanthropy (in coordination with the Cuscaden Foundation).

The role played by the Family Council in pursuing this purpose shall include such areas as

- a. promotion of Family Unity and the long-term best interests of the family
- b. oversight of the Family Office
- c. education and development of family and its members
- d. avoidance of conflict and resolution of disputes
- e. organizing the Annual Family Meeting and other family social activities

Meeting frequency: The Family Council shall meet 4 times per year, with additional meetings as called by the Chair. The annual meeting schedule shall be set by the Chairman.



APPROACH TO FAMILY GOVERNANCE (cont'd)

VI. FAMILY COUNCIL (CONT'D)

Composition: The Family Council will be made up of 7 Voting Family Members – the Head of the Foundation (who must be a member of the family) plus 2 branch representatives from each of the three branches of the family, to be chosen as each branch decides.

Leadership: the initial Chair of the Council shall be James Cuscaden IV for a three-year term, with subsequent Chairmen to be elected by the members of the Family Council for a 3-year term from among its members by majority vote; there shall be a maximum of two consecutive terms as Chair of the Family Council.

Minimum age: The minimum age for a Family Member to serve on the Family Council for his or her branch is 30.

Maximum age: The maximum age for a Family Member to serve on the Family Council for his or her branch is 80, except for the head of the Foundation, for which there will be no age limit.

Committees: The Family Council will be supported in its work by three committees, whose structure, corporation and leadership shall all be determined by the Council:

- Committee to Oversee Total Family Wealth (including the businesses and property)
- Philanthropic Committee
- Conflict Avoidance and Dispute Resolution Committee

This latter committee shall be made up of five members, of which two are main family members familiar with the family.



APPROACH TO FAMILY GOVERNANCE (cont'd)

VII. CUSCADEN FAMILY PHILANTHROPIC FOUNDATION

Our Foundation reflects our business and family commitment to social responsibility and contribution to our various communities in our home country and the more than 12 countries in which we operate as a business.

Operating separately from the Family Council according to its own by-laws and with its own oversight function, the Foundation would coordinate philanthropic initiatives with and provide a member (and possibly the Chair) of the Family Council.

VIII. FAMILY MEETING AND SUPPORTING SOCIAL EVENTS

The overall objective of the Family Meetings and social events is to provide an attractive forum for all Family Members to come together to deepen relationships, share experiences and ideas, reinforce family purpose, values and unity, build trust between family members, share information on what is going on within and around our family, business and philanthropic activities. Three core events will be spread throughout the year and may include:

1. Annual Meeting/Weekend Retreat (August)
2. Christmas or New Year party (social only)
3. Founder's Birthday Dinner (optional attendance) on April 17 of each year

IX. FAMILY ADVISORY BOARD

A Family Advisory Board, made up of experienced and respected members of similar families to ours and proven experts in fields relevant to our development and challenges, shall be appointed by the Family Council.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | KEY DOCUMENTS – STREAMLINED FAMILY CONSTITUTION | cont'd

APPROACH TO FAMILY GOVERNANCE (cont'd)

X. FAMILY WEALTH MANAGEMENT

Philosophy of Wealth and Ownership: It is our belief that we are both individual owners of private wealth and stewards for the future of family wealth.

Individual family members are free to invest their own funds as they see fit, so long as those investments do not encumber, risk or otherwise have an impact on family investments.

In the area of family wealth management, the Family Office shall ensure that all family funds are well allocated to specific objectives, and structured, and invested in a fully prudent and professional manner over the long term to achieve those objectives.

XI. FAMILY OFFICE

The Family Council shall establish a Family Office, staffed and supported by a combination of dedicated staff and/or third-party service providers as they so choose.

The strategic plans, location, budget, funding, objectives, governance and operations of the Family Office shall be led by a Board made up of family members and third-party professionals as determined by the Family Council.

The Chair of that board shall be a family member appointed by the Family Council to serve up to three consecutive three-year terms.



APPROACH TO FAMILY GOVERNANCE (cont'd)

XII. DISPUTE RESOLUTION

If the Family Council Committee on Conflict Avoidance and Dispute Resolution as defined above is not successful in resolving the conflict or dispute through the actions of the Committee or the intervention of the Family Council itself, an ad hoc Board of Review will be established to hear and decide on the best way forward to resolve any material issue as determined by the Family Council.

That Board will be made up of three non-family members as appointed by the Family Council.

This Board shall agree its own Chair, define its process and time frame for decision-making and make its decision by majority vote.

XIII. VALIDATION AND REVISION OF THE CONSTITUTION

This Constitution shall be valid upon signing by 2/3 of the Voting Members of the family.

This document shall be reviewed in its entirety and amended as necessary on the following dates under the guidance of the Chair of the Family Council:

- 12 months after it is adopted.
- Every five years on an overview basis by the Family Council.
- Revisions in this document shall require a 2/3 vote of The Voting Members present at the Annual Meeting or represented by proxy if not able to attend.

In addition, specific adjustments may be required or desired on an ad hoc basis as well, which can be made by recommendation by a member to the Family Council and agreement by 5 of the 7 members thereof.



APPROACH TO FAMILY GOVERNANCE (cont'd)

XIV. INDIVIDUAL COMMITMENT

To reflect acceptance of its content and commitment to its terms, this Constitution shall be signed by all Voting Family Members upon completion of its drafting, and then by all future Voting Family Members at the first Annual Meeting after their reaching age of 21 in the presence of the full Family Council.

Original signatures (with attached signatory pages as necessary)

Signature:

Name:

Date:

Signature:

Name:

Date:

Signature:

Name:

Date:

Signature:

Name:

Date:

Signature:

Name:

Date:



FAMILY WEALTH AND LEGACY PLANNING

MODULE 02 | KEY DOCUMENTS |

This page includes all of the Key Documents available to download. These templates are to be completed with your own Family Wealth and Legacy Planning content.

KEY DOCUMENT I: CHECKLIST OF POTENTIAL ELEMENTS OF GOVERNANCE

<< DOWNLOAD EDITABLE TEMPLATE [HERE](#) >>

KEY DOCUMENT II: STRUCTURE OF FORMAL FAMILY GOVERNANCE SYSTEM

<< DOWNLOAD EDITABLE TEMPLATE [HERE](#) >>

KEY DOCUMENT III: STREAMLINED FAMILY CONSTITUTION

<< DOWNLOAD EDITABLE TEMPLATE [HERE](#) >>