

SAMPLE

ADVISORY COMMITTEE CHAIR FOR XYZ GROUP

INTRODUCTION

An Advisory Committee has been created to provide advice and counsel to Smith family members on matters relating to the XYZ Group of Companies.

The Committee's role is to provide support and assistance in the event of crises and with respect to succession planning for the XYZ Group of Companies.

The different perspectives and experiences the Committee Members offer will enable the XYZ Group to make better informed decisions, contributing to the successful management of the company.

STRUCTURE AND COMMITTEE MEMBER SELECTION

There shall be a minimum of three and a maximum of five members on the Advisory Committee who shall be selected by Jane Smith ("Jane") and John Smith ("John"). At least one Committee Member shall be approved by spouses and a majority of next-generation members of the Smith family.

New Committee Members shall be provided with an orientation process that may include:

- Binder containing relevant documents such as:
 - Family Participation Plan
 - Contingency Plan
 - Succession Plan documents
 - Advisory Committee Charter
- Information gathering that may include:
 - Tours of plant facilities, etc.
 - Meetings with senior management

TRIAL PERIOD

For new Committee Members, there will be a one-year evaluation period. This time will provide a mutual period of assessment. At any time during this period, if either party feels that the position or the Member is not suitable for the other party's requirements, he or she may determine not to continue as a Committee Member.

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TERM OF COMMITTEE MEMBERS

Committee Members shall sit for a term of three to five years. In the year prior to a Member's departure (e.g. in year two of a three year term), a replacement is to be selected as outlined above. There shall be a transition and overlap period of approximately one year for the departing Member and new Member.

Should a Committee Member be unable to complete his or her agreed upon term, he or she shall notify Jane and/or John in writing. Departing Members may be called upon to act as a Committee Member at any time within thirty (30) days of submitting written notice unless a replacement Member is found prior to the expiration of the thirty days.

All vacancies on the Committee will be filled as outlined in the selection process above.

COMPOSITION

The Committee Members shall be chosen from a variety of backgrounds and disciplines, designed to complement expertise within the XYZ Group and its group of professional advisors.

Independent, objective counsel is important to the effectiveness of the Advisory Committee. To that end, with respect to the Smith family and the XYZ Group of Companies, Committee Members:

- a. Shall be free from conflicts of interest with any of same; and
- b. Shall not be investors in nor stand to gain from any financial/contractual dealings with any of same; and
- c. Shall not be employees, or members of the boards of directors of any of same; and
- d. Shall not be members of the Smith Family

It is hereby determined that, commencing _____, 20XX, the following "x" persons shall be members of the Advisory Committee, each having consented to the appointment:

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Their combined experience and history with the XYZ Group will enable them to provide sound advice and guidance.

DUTIES

Committee Members will be called upon to provide advice and assistance for the following matters:

1. In the event of crises (i.e. in the event of death of Jane and/or John)

Committee Members will be asked to aid in stabilizing the business and provide peace of mind for the family by assisting in implementing the recommendations outlined in the appropriate Contingency Plan

2. Succession Planning for the XYZ Group of Companies

Committee Members will be asked from time to time to assist with matters relating to succession planning for the XYZ Group of Companies. Areas where Committee Members may be asked to assist include:

- Entrance of next generation into the business in alignment with Family Participation Plan
- Identifying potential successors
- Successor development – monitor progress; mentor successor(s)
- Development of Personal Development Plans and alignment with Management Development Plans
- Acting as objective, independent resource for the family

3. Resource for members of the next generation

The advisor(s) should be generally available to all members of the next generation to act as an objective, independent resource for matters relating to the family and the business

4. Sounding Board

The advisor(s) may be asked from time to time to provide input and feedback on ideas and strategies under consideration by the family and the business

5. Strategic Planning

The advisor(s) may be asked to assist with strategy formulation and/or strategy implementation. This could include challenging new ideas and initiatives against existing strategies, monitoring management and board activities to measure consistency with existing strategies, etc.

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Committee Members may also be called upon from time to time to assist with other matters.

MEETINGS

Meetings of the Advisory Committee shall be held at least three times per year, at a location to be determined. Additional meetings may be called at the discretion of Jane and/or John, or by a Smith family member in the event of crisis.

Meetings shall be approximately three to four hours in length, or longer if absolutely necessary. An agenda shall be prepared by Jane and/or John or the individual(s) who has called the meeting. A designated person shall record meeting minutes. The duty of recorder should be rotated among Committee Members, or an outside individual may be selected to attend meetings to record minutes. Jane and/or John shall approve the selection of any outside recorder. The meeting recorder shall be responsible for circulating the minutes among Committee Members following each meeting. Each Committee meeting shall begin by reading and approving the minutes from the previous meeting.

COMPENSATION

Committee Members shall be paid for each meeting attended (including preparation) at the rate of \$ _____ (per meeting/per annum retainer/other). Each Committee Member shall be entitled to reimbursement for travel and meal expenses incurred in attending meetings.

REVIEW OF THE TERMS OF THIS CHARTER

It is the intention of the XYZ Group to review the terms of this Charter on an annual basis, to maintain current management practices in a changing economic environment.