

D I R E C T O R S M A N U A L

Sample Manual for board meetings



PROVIDING QUALITY SERVICE WITH DISTINCTION

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Introduction

This guide will help you into your role as Director. It is vital that you read and understand what is contained in your **Unanimous Shareholders Agreement** dated October 31 20XX.

With superior knowledge of the company's principal activities, internal capabilities, and the industry in general, the Board of Directors:

Has independent insight and know-how,

Safeguards invested capital, represents the shareholders and employees,

Develops policy directions,

Makes sure the organization is accountable to its investors and authorities.

Adds value to the organization's effectiveness and efficiency,

Has unrestricted access to management, and the authority to select, retain, terminate, and approve the fees of any independent legal, accounting, or other advisor to assist it in fulfilling its responsibilities.

Are key players in corporate governance,

Has the responsibility of endorsing the organization's strategy,

Appoints, supervises and remunerates senior executives,

Is vitally important for the future success of {company name}

Builds on {company name}'s reputation as large enough to handle big projects, yet small enough to give thorough attention to the smallest of jobs.

Regular Board meetings allow potential problems to be identified, discussed and avoided.

The Board of Directors establishes formal delegations of authority, defining the limits of management's power and authority and delegating to management certain powers to manage the business. The delegations of authority conform to statutory limitations specifying responsibilities of the Board that cannot be delegated to management. Any responsibilities not delegated to management remain with the Board of Directors.

7 Key Responsibilities

Strategic planning

Supervising the formulation of the strategic direction, plans and priorities of the company and annually approving the strategic plan.

Monitoring implementation and effectiveness of the approved strategic and operating plans.

Reviewing and approving the corporate financial objectives and operating plans and actions of the firm, including capital allocations, expenditures and transactions which exceed threshold amounts set by the board.

Approving major business decisions.

Governance

Developing a set of corporate governance principles and guidelines.

Establishing appropriate structures and procedures to allow the board to function independently of management.

Establishing board committees and defining their mandates to assist the board in carrying out its roles and responsibilities.

Setting expectations and responsibilities of Directors, including attendance at, preparation for, and participation in meetings. Undertaking regular evaluation of the Board, its committees and its members, and reviewing its composition with a view to the effectiveness and independence of the Board and its members.

Internal Controls

Reviewing the effectiveness of the firm's internal controls and management information systems.

Reviewing and approving the firm's annual and quarterly financial statements and management discussion and analysis, annual information form, and other public disclosure documents that require board approval.

Overseeing compliance with applicable audit, accounting and reporting requirements.

Approving dividends, as well as capital allocations, expenditures and transactions which exceed threshold amounts set by the Board.

Appointing management & succession planning

Appointing, supervising, remunerating, and terminating senior executives.

Establishing guidelines and systems that direct management's actions and that delineate expected performance outcomes.

Supervising the succession planning processes of the firm pertaining to the company's senior management and Directors.

Identification and management of risks

Ensuring that processes are in place to identify the principal risks of the firm's business.

Reviewing the systems that are implemented by management to manage those risks.

Reviewing the processes that ensure compliance with applicable regulatory, corporate, securities and other legal requirements.

Oversight of communications and public disclosure

Assessing the effectiveness of the firm's communications, including measures for receiving feedback from stakeholders.

Overseeing establishment of processes and policies for accurate, timely and full disclosure of information as required.

Reviewing due diligence processes and controls in connection with certification of the firm's financial statements.

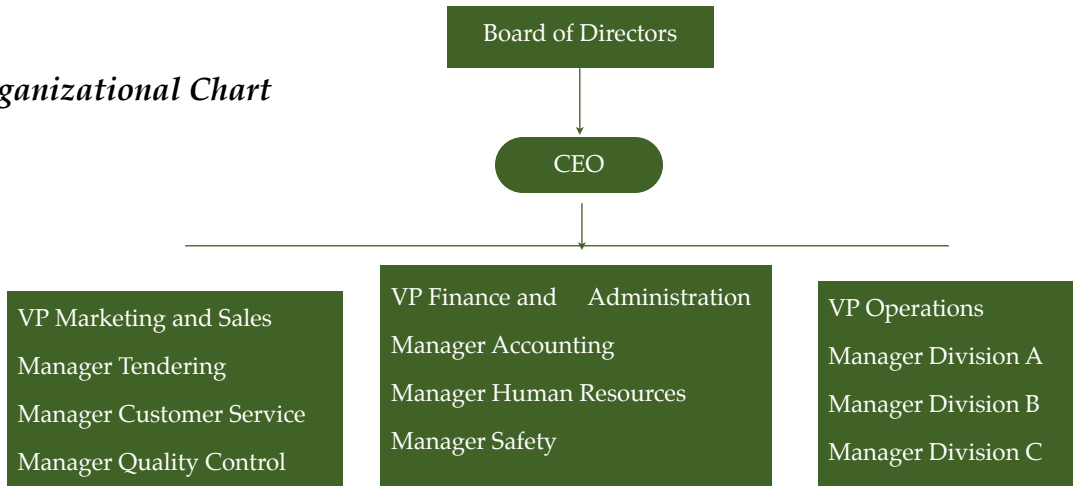
Developing a culture of integrity

Establishing the firm's values.

Satisfying itself as to the integrity of the senior officers of the firm.

Creating a culture of integrity throughout the organization.

Organizational Chart



How to run a Board Meeting

A Board meeting needs to be organized and orderly. Robert's Rules of Order sets the standard most organizations follow in terms of running meetings, especially Board meetings.

A Paperback version of Robert's Rules of Order Newly Revised In Brief, 2nd edition (Roberts Rules of Order in Brief), sells for about \$10,00. It is a good investment especially for the Chairperson.

For detail specific to Reward's meetings, please refer to the USA:

Article X. Directors and Officers of the Corporation.

Article X. Shareholders.

Article X. Conduct of the business of the Corporation.

When it comes to Board meetings, the agenda is the way to be efficient and effective at the same time.

The Agenda:

Lists the events and items of business that will come to the meeting and can include the total time allotted to each item, to keep the meeting on track.

When the Board adopts the agenda it gives members a chance to add items and gets everybody in agreement with the meeting plan at the beginning of the meeting.

The Board Chair and the President/CEO should set the agenda:

Details as to time and place.

The overall reason for the meeting or objective: (employee evaluations, budget review and planning).

Normal headings like welcome, attendance, adaptation and approval of the agenda, minutes, board training, business arising from the minutes, topics for the present meeting (add time estimate wherever possible), details for the next meeting, and closing.

Board training conveys the knowledge and understanding needed in order to be effective as a member of the (company name) governing Board of Directors. As much as possible local resource people should conduct the sessions.

New products and processes,

Safety,

Bidding

Project management,

Marketing,

Emergency / Business Continuity Response Plans,

Protecting (company name) from liability issues,

How to read spreadsheets, prepare budgets, streamline operations, assess internal controls, assess risks, negotiate contracts, diffuse community conflict, evaluate employees, manage executives,

How to separate duties of a shareholders and an employee; how a non-owner manager can have a superior role – and be paid more in salary than an owner/board member/employee.

The Role of Board Chair at Board Meetings

Send a meeting notice in plenty of time that includes the date, time and location to all board members and other personnel that need to attend. Include the agenda in the meeting notice.

Begin the meeting at the published meeting time. The Board Chair typically calls the meeting to order and runs the meeting in accordance with Robert's Rules of Order.

Review past board meeting minutes; introduce the board training exercise, then new business. Whoever has the floor, probably the Chairman or the President presents a motion and someone else seconds the motion before discussion begins.

Debate the issues before voting. The Chair can call the question and ask for those in favor and those opposed. If the yes votes outnumber the no votes then the motion passes. If the no votes win then the resolution loses. Refer to the USA as needed.

Adjourn the meeting.

{company name}

SAMPLE DIRECTORS MANUAL

...from the USA

BOARD OF DIRECTORS.

The Board of Directors of the Corporation shall consist of a minimum of three (3) and a maximum of seven (7) Directors.

QUORUM.

Four (4) Directors shall constitute a quorum, at any meeting of the Board of Director

VOTING.

Subject to Article X herein, except as otherwise required by law or by this Agreement, questions arising at any meeting of the Directors shall be decided by 80% of the votes.

5 Steps to Practical Decision Making

UNDERSTAND

Does the decision damage a person, group or company?

Is the decision a choice between a good and bad, two "goods" or two "bads"?

Are we talking about what is legal or more efficient – or what?

Do we have all the facts? Have we done enough digging?

Who has important stakes in the outcome?

Which positions are more important? Why?

Are there creative alternatives (out of the box options)?

PRIORITIES

Which decision produces the most good (profit is one good) and does the least harm?

Which alternative best respects the rights of everyone involved?

Which option best serves shareholders, employees, community?

TEST IT

Which alternative is best for everyone involved?

If I shared the decision with people I respect - what would they say?

MAKE IT HAPPEN

How can the decision get implemented with care and attention?

HOW DID IT TURN OUT

What did we learn from this one and how will we change?

Dealing with Conflict and Disagreements

Each board member brings differing assets and concerns – differences that can breed conflicts including turf battles, power struggles, direction, service levels and more. The Unanimous Shareholders Agreement exists precisely to make decision-making and implementation easier. Nevertheless, there is still conflict over what gets done, how it gets done, and who does it.

Although conflict sometimes results in innovation, dissatisfaction drains resources and costs the organization in reputation. When the Chair intervenes early to manage conflict to resolution, board members remain productive and committed to organizational goals.

... from the USA

Conflict.

In the event of any conflict between the provisions of this Agreement on the one hand, and the Articles and By-Laws of the Corporation on the other, the provisions of this Agreement shall govern. Each of the Shareholders agrees to vote or cause to be voted the Shares owned by him so as to cause the Articles or By-Laws, or both, as the case may be, to be amended to resolve any such conflict in favour of the provisions of this Agreement.

Arbitration

Excluding Article xx, in the event that any disagreement arises between the parties hereto with reference to this Agreement or any matter arising hereunder and upon which the parties cannot agree, then any such dispute shall be referred to arbitration in accordance with the provisions of The Arbitration Act or other similar legislation in force in the Province of Alberta from time to time.

{company name}

SAMPLE DIRECTORS MANUAL

Notes to the Board Chair - Dealing with Conflict

Check the USA for guidance.

Conflicts and disagreements are normal and sometimes healthy.

Disagreeing people sometimes behave in really stupid ways.

When someone is upset and you are calm, you are in control.

When you defuse the situation and solve the problem, you are the hero.

Listen, Listen, Listen for the real reasons for conflict or disagreement, assume they are legitimate.

Don't say much - be respectful. Think, "open, pleasant, neutral, relaxed" thoughts. Match your voice to thoughts you want to communicate – calm, respectful and relaxed. Think yourself into as many positions as there are.

When someone yells, complains, we can allow ourselves to be annoyed.

Deal with feelings... sincerely and carefully – restate and summarize.

Get the facts onto the table. Say:

"Hold on a second!" Clarify, Summarize, Repeat.

"Let me make sure I understand you. You're saying..."

"I want to help fix this even if you disagree."

Demand the truth.

Number Items. Disagreeing people don't think straight. Inject logic !

Don't make anyone wrong, you might not even know this yet.

Respect, talk calmly, summarize, repeat.

Ask for solutions

Don't Say..."If you will just calm down."

"You're being unreasonable." "Exactly what's your problem?"

Board Members who disagree have a stake in and a commitment to the company

The Board is a democracy.

Work with them.

{company name}

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