

# Family Constitution

---

## Parker Family Group

---

cleardocs.com  
770 Industrial Street  
5653 Bourke Street  
Ballarat VIC 3350  
Tel: 000000000  
Fax: 03 98869123  
admin2@cleardocs.com

FINH  
Level 6  
410 Queen Street  
Brisbane QLD 4000  
Tel: 1300 307 343  
(c/- Cleardocs)  
admin@finh.com  
www.finh.com

## Table of contents

<b>Overview</b> .....	<b>3</b>
<b>Legal effect</b> .....	<b>3</b>
<b>A Who is family?</b> .....	<b>5</b>
<b>B Legacy from prior generations</b> .....	<b>5</b>
<b>C Vision and mission</b> .....	<b>5</b>
<b>D Values and beliefs</b> .....	<b>5</b>
<b>E Family governance</b> .....	<b>6</b>
Structure.....	6
Parker Family Group governance approach .....	7
Family Forum .....	7
<b>F Governance and communication policies</b> .....	<b>7</b>
Communication process.....	7
Code of Conduct for managing differences.....	8
Voting control .....	8
Confidentiality .....	9
Business governance directions.....	9
Employment within the Family Businesses .....	9
Family remuneration.....	9
Family member retirement .....	10
Ownership and ownership transition .....	10
<b>G Financial accountability policies</b> .....	<b>10</b>
Investment principles and beliefs.....	10
Distribution of profits.....	10
Entering and exiting the Family Group .....	11
<b>H Other policies</b> .....	<b>11</b>
Human capital and leadership development (education).....	11
<b>I Amendment to Family Constitution</b> .....	<b>12</b>
<b>J Interpretation</b> .....	<b>12</b>
<b>K Family member contacts</b> .....	<b>14</b>
<b>L Key external party contacts</b> .....	<b>15</b>
<b>Execution</b> .....	<b>16</b>
<b>Annexure A: Form of Event Calendar (Permanent)</b> .....	<b>17</b>
<b>Annexure B: Form of Statement of Adoption</b> .....	<b>18</b>

## Overview

This is the Family Constitution of the Parker Family Group.

It is the outcome of a continuous process to facilitate the sustainability of our family, who share assets and have the intention to do that into the next generation. Sustainability in this context means meeting the needs of the present generations without compromising the ability of future generations to meet their own needs.

This is the one place where the Parker Family Group can consolidate family policy into a co-ordinated intergenerational plan. It is the central tool for the formal management of the integration of the family system and the Family Business and investment systems.

This Family Constitution is a “road map” of values and guidelines for the way our family conducts itself within the family, the businesses and the wider community. Essentially, it has been developed to help both current and future generations deal with the benefits and complexities of being a business family.

## Legal effect

This Family Constitution is a statement of intent only and records the Parker Family Group’s policies for achieving family harmony, maintenance of its wealth and the interaction between both.

The parties to this Family Constitution intend that this document will not have legal effect and the parties will not be legally bound by this document.

All family members acknowledge that:

- the obligations referred to in this Family Constitution may be subject to binding legal obligations under:
  - laws;
  - business governance documents, including any company constitution, trust deed or rules; or
  - other binding agreements;
- the obligations referred to in this Family Constitution do not displace or prevail over those legal obligations;
- governance structures referred to in this Family Constitution do not constitute or displace the Parker Family Group's legal bodies and roles, such as directors, trustees or boards;
- those legal bodies and roles:
  - must and will continue to function independently; and
  - will not be bound by the processes, measures and preferences referred to in this Family Constitution; and
- the members of the governance structures referred to in this Family Constitution may provide recommendations, advice and guidance to the Parker Family Group's legal bodies

and roles, but those legal bodies and roles will not be subject to the direction of those governance structures (or the people comprising them).

SAMPLE

## **A Who is family?**

1 For the purposes of this document, members of the Parker Family Group are limited to lineal descendants or blood relatives, and those family members added by a Statement of Adoption.

2 Junior Family Members are not required to be participants in the Family Group for the purposes of this document. However, the Family Group will include Junior Family Members in family governance processes when and how it sees fit.

3 The Parker Family Group members as at 27/05/2022 are James Parker.

4 Other persons may become new members of the Parker Family Group by signing a Statement of Adoption in the form of Annexure B.

## **B Legacy from prior generations**

5 Our family legacy, as evidenced through our history, provides us with a purpose and a strength on which to build for future generations.

6 What we strive to capture during each generation of family ownership is best described as follows: Money

## **C Vision and mission**

7 Our family's enduring goal is to ensure goodwill within the family while growing and safeguarding our businesses, which we can pass on to benefit succeeding generations.

8 We are committed to pursuing our business interests, based on sound business principles, for the long-term benefit of the family, even though it sometimes may mean short-term sacrifice.

9 We believe that being an enterprising family who owns businesses will provide opportunities for the family and we believe in encouraging family participation in our Family Businesses.

## **D Values and beliefs**

10 By communicating openly and honestly and planning wisely, we are seeking to avoid conflicts which have the potential to divide the family.

11 We acknowledge that our business and personal interests must be balanced. We will show respect for one another while working in the businesses, and love for each other outside the businesses.

12 All members of the family will benefit if we treat each other with respect and honesty and communicate openly, supporting one another through good times and bad.

13 We commit to these agreed values:

- Open communication.

14 Our family holds the following beliefs:

- Striving for excellence and quality in what we do.

15 These values and beliefs:

- represent what family members can expect from each other;
- are a basis for raising concerns with other family members; and
- should form the basis on which future decisions throughout the family and the businesses are made.

## **E Family governance**

16 Family governance is the system which manages the interaction among members of the Parker Family Group. This is distinct from the legal governance structures of the Parker Family Businesses interests.

17 Our family has decided that it will not engage an independent person to assist in facilitating our family governance processes.

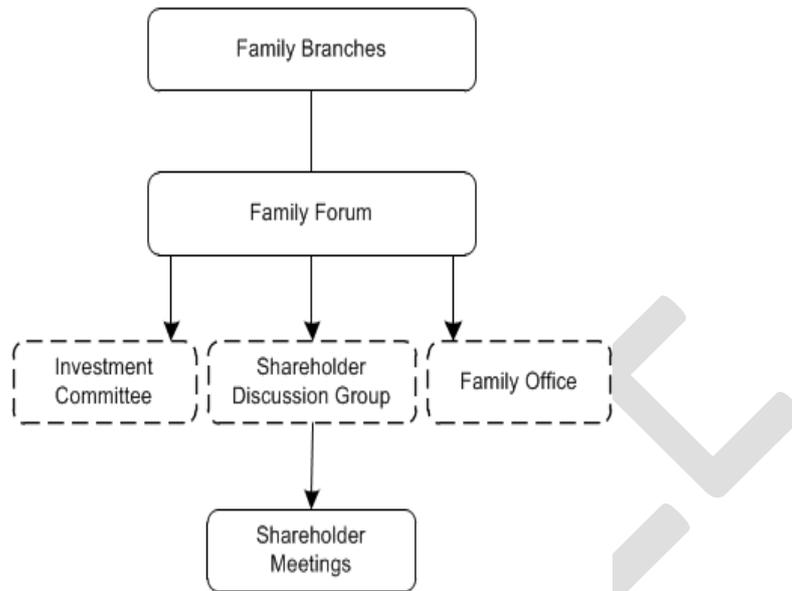
### **Structure**

18 The following family governance structures have been established to enable the family to achieve its goals:

- Family Forum.

## Parker Family Group governance approach

The structure(s) with a dotted line in the diagram below are not currently part of the Parker Family Group governance approach. These could be established in future, if the Family Group wishes.



### Family Forum

- 19 The Family Forum is for the entire Parker Family Group and has been established to ensure members of the Family Group are communicating regularly and addressing relevant issues.
- 20 The purpose of the Family Forum is to provide the opportunity for family members to discuss issues of importance within a strong, supportive group environment. Any family member may raise any issue they wish to discuss with other members, including issues about:
- individual health and well-being;
  - financial matters;
  - working in harmony within the businesses; and
  - any potential conflict.
- 21 The Family Forum will meet approximately every 3 months. The retreat referred to in clause 23 may constitute one of these meetings.

## F Governance and communication policies

### Communication process

- 22 Communication is a key principle within the family governance structure. It provides an opportunity for everyone to learn and contribute to family and business developments.

- 23 The Family Forum will hold a retreat with all family members at least once per year. This retreat aims to enhance the family members' understanding of and respect for the family and the relationships which bind them.
- 24 The most senior executive of the Parker Family Businesses who is a member of the legal governance structures will:
- liaise between the legal governance structures and the management/executive team of the businesses;
  - communicate strategic direction and business matters to all family members;
  - be aware of the family values, beliefs and policies and, subject to the laws and governance rules that apply to the legal structures, uphold these within the businesses; and
  - acknowledge that the family's best interests can never be taken care of unless the businesses are managed for long-term value for the owners or beneficiaries of the businesses.

#### **Code of Conduct for managing differences**

- 25 The Parker Family Group should try to separate family conflict from conflict over business issues.
- 26 When resolving business issues, the focus should always be on long-term value for the owners or beneficiaries of the businesses. This will sometimes take precedence over short-term needs of family members.
- 27 Family disagreement will be resolved by firstly understanding the facts and then communicating those openly with the intent to resolve.
- 28 Family members, via the Family Forum, may be required to help mediate a conflict.
- 29 If a conflict cannot be resolved, it should be referred by the family members involved to an independent body for formal mediation. In this circumstance, the costs of the mediation will be paid by the Parker Family Businesses.

#### **Voting control**

- 30 The Parker Family Group's preference is to always achieve unanimous decisions.
- 31 Each family member attends meetings in their capacity as a family member only.
- 32 All members of the Family Forum are required to be present at meetings, unless agreed otherwise.
- 33 The Family Group will be mindful of other governing structures and relationships when making any decisions.

## **Confidentiality**

- 34 Parker Family Group members will not discuss matters of the family with non-family members outside of the family governance structures and legal governance structures of the Parker Family Businesses.

## **Business governance directions**

- 35 While it is always the role of the governing body (such as directors or trustees) to advise on the appropriate needs of any particular legal governance structure of the Parker Family Businesses, the family has identified the following elements as important considerations (subject to applicable laws and business governance documents):

- The number of board members of each Principal Business Structure should be 43.
- There should be at least 43 non-executive board members who are not family members.
- There should be at least 34 non-executive board members who are family members.
- The board should meet monthly.
- A non-family member should only be appointed to the legal governance structures where such a person is seen to bring valuable skills (such as independence) which the family currently does not possess. The family's wishes about such appointments should be discussed and unanimously agreed to by the Family Forum.

## **Employment within the Family Businesses**

- 36 Parker Family Group members of the next generation are encouraged to work in the Parker Family Businesses for vacation jobs during secondary schooling and university. This allows future generations to learn about the history of our Family Businesses, our values and our objectives.
- 37 The Family Forum is responsible for appointments to any role within the family governance structures and for determining the family's wishes about appointments within the legal governance structures of the Family Businesses.
- 38 Family members who work in the businesses are to be employed on their merit and are to be assessed on equal footing as non-family staff.
- 39 Family members who do not work in the businesses but are considering becoming involved in the legal governance structures will be provided an avenue to learn about the businesses at all levels via a "family induction process" as established by the businesses.

## **Family remuneration**

- 40 It is recognised that the remuneration of family members is a difficult and emotional issue. Family members do and are expected to contribute to the businesses far beyond their formal position description. Although these activities are recognised in distribution of

profits, it also remains an important factor in the determination of an individual's remuneration.

41 All family members will be paid at the market rate for the job they do. Remuneration is to be based on each person's role and their skill, experience and performance.

42 Any appeal by family members regarding salary or conditions is to be decided by the legal governance structures of the Family Businesses, whose decision in this regard is final.

43 The remuneration of the Most Senior Executive Person is to be determined by the legal governance structures of the Family Businesses.

#### **Family member retirement**

44 All family members are encouraged to develop their skills and be available to participate in all family and legal governance roles. Generally, once a family member reaches the age of 75, they are only eligible to participate as mentors.

#### **Ownership and ownership transition**

45 The members of the Parker Family Group desire that each family member who has legal title to the common assets of the Family Group have in place current:

- wills and statements of wishes for their legal personal representatives for estate and non-estate assets;
- superannuation policies;
- life insurance policies; and
- personal financial planning relating to their immediate family.

46 The legal successors acknowledge their future responsibilities in this regard.

### **G Financial accountability policies**

#### **Investment principles and beliefs**

47 The Family Forum will set and monitor investment strategy and investment decision-making when dealing with the family capital.

48 The current strategy is to allocate 50% of all family capital to long-term, low-risk environments and 50% to growth opportunities.

49 A conservative debt level is acceptable.

50 In this context the businesses of the Parker Family Group are to be considered.

#### **Distribution of profits**

51 The Parker Family Group's preference is that 45% of the current year's retained earnings from the Parker Family Businesses should be distributed to owners.

52 The Family Group's preference is that these earnings be paid to owners over the financial year in which they are earned.

53 The Family Group wishes that any other distributions should only be made with the unanimous support of the Family Forum and the relevant business board of directors or trustees.

#### **Entering and exiting the Family Group**

54 Any family member wishing to exit ownership of the Parker Family Businesses interests must make the request in writing to the Family Forum, stating reasons and when they wish to leave. The ordinary period of notice is 12 months.

55 Any family member wishing to exit ownership of the business interests must attend the next Family Forum following submission of the request referred to in clause 54 for a full discussion on the topic to ensure the family understands the reasons.

56 The Family Forum will decide on the process from that point and advise the family member in writing.

57 The Family Forum will, at its own discretion, decide whether to approve the exiting. Approval may depend on the capacity of the Parker Family Group to find liquidity to fund the exit.

#### **H Other policies**

##### **Human capital and leadership development (education)**

58 This policy addresses:

- education of the active family members in the Parker Family Businesses;
- education of non-active family members;
- education of the next generation (the children); and
- education of future generations.

59 Education is paramount and includes existing family members educating prospective new family members at the earliest sensible time.

60 All family members are to be trained on the agreed policies of the Parker Family Group and their thoughts are to be taken into consideration for the further development of the policies as soon as new ideas are raised.

61 The senior members of the family are ultimately responsible for the education of the next generation of family members and are accountable for teaching the younger family members the responsibilities of ownership.

62 All family members are encouraged and supported in their endeavours to gain further education which will assist that individual and the overall family or the business interests. For those who are active members of the family business interests, there is an obligation to continue to develop educationally to maximise involvement in the businesses.

63 The members of the Family Group desire that all members of the legal governance structures of the family business interests complete appropriate education and training via

a course through either the AICD (Australian Institute of Company Directors) or FBA (Family Business Australia).

64 Support for further education provided by the Family Group may be in the form of paid leave to complete studies or payment of education fees, provided the Family Forum considers that these educational activities add direct value to the Family Businesses or the development of the individual. This support could be in line with performance reviews and associated HR policies relevant to the family business interests, and in line with the ownership, management and investment responsibilities relating to the business interests.

65 Family members who are not active in the Family Businesses are encouraged to pursue additional education.

66 The Family Group will consider an education policy for the next and future generations as the need arises. For example, the Family Group may explore the possibility of forming an education trust.

## **I Amendment to Family Constitution**

67 Any amendments to this document must be the result of consultation with all active family members. The amendments must be communicated to all family members at a Family Forum and must be approved of by more than 50% of family members.

68 Any amendments to this document approved in accordance with clause 67 must be recorded in writing.

## **J Interpretation**

69 In this document, a reference to the singular includes the plural and vice versa.

70 This document may be signed in counterparts, all of which together constitute one document.

71 In this document, unless expressed or implied to the contrary:

**Family Branch** is a part of the Parker Family Group headed by an adult family member who now identifies as standing separate from his or her parents and may include his or her children.

**Family Businesses** and **Parker Family Businesses** refer to the businesses carried on by the Parker Family Group where the Family Group shares ownership of an asset for which the Family Group can exercise voting control.

**Family Group** and **Parker Family Group** refer to the family members as described in clause 1.

**Junior Family Members** refers to members of the Parker Family Group who are less than 23 years old.

**Most Senior Executive Person** refers to one of the family members working in the business in a senior role.

**Principal Business Structure** refers to the legal governance structure of any business considered to be a major contributor to Parker Family Group wealth.

**Spouse** includes a person not legally married to a second person where that person is living with the second person as his or her spouse on a permanent and bona fide domestic basis.

72 From time to time, the Parker Family Group may develop its own unique terms. These terms will be taken to be generally accepted family terms if agreed at a meeting of the Family Forum.

SAMPLE

**K      Family member contacts**

James Parker

Family branch: 1

ac@gmail.com

SAMPLE

**L Key external party contacts**

Peter Parker,

Friend

abc@gmai.com

9898787877

SAMPLE

## Execution

Each of the parties to this document acknowledges and agrees that the parties intend that the document will not have legal effect and the parties will not be legally bound by this document.

Signed By:

---

James Parker

SAMPLE

## Annexure A: Form of Event Calendar (Permanent)

### Yearly Operational Tasks

Action Plan			
Detail	Action and by whom	Target date	Comments/progress

### Live Considerations

Event	Reason	Who and when	Comments/progress

### Record of History

Event	Date	Detail

**Annexure B: Form of Statement of Adoption**

**Family Constitution  
Statement of Adoption**

Parker Family Group

**Date:**

By [Insert name of family member]

in favour of

Parker Family Group

This statement is supplemental to the Family Constitution of the Parker Family Group made on 27/05/2022 as amended.

- I confirm that as a member of the Parker Family Group I have been supplied with a copy of the Family Constitution.
- I have read and understood the terms of this Family Constitution, including the current policies that our family has developed and included.
- I agree to observe, perform and be accountable for the policies of our family as set out in this Family Constitution.
- I acknowledge and agree that this Family Constitution provides that the parties intend that the document will not have legal effect and the parties will not be legally bound by the document.

**Signature:**