

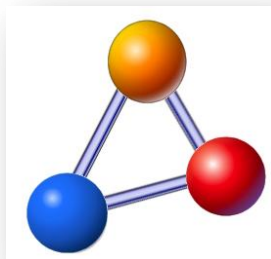
## **BOARD OF DIRECTORS**

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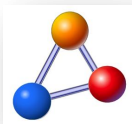
### **Rules & Regulations**

## **Templates Ltd**

2010



**This document contains the guidelines, rules and regulation for how the company's board shall be run. Each appointed member will sign this document as acceptance of these conditions and as proof of fully having understood the contents. A copy will be kept in the company's files.**



## Guidelines, Rules & Regulations to Appointed Members of the ABC Board of Directors

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**Members Name**

**Company Goal**

*Minimum annual return on investment of 20%*

**Involvement period**

*3 to 5 years to realise the value*

**Contribution**

*Business development focusing on internationalisation, sales and fund raising*

Each Member of the Board formally represents all shareholders and must by guidance and control, ensure that the company's assets are managed in the best way for the owners.

The companies' act defines specific demands to the size of equity and proper management and the responsibility of the Board of Directors in that connection.

### ROLES AND TASKS

**Goals**

The Board's responsibility is to make sure that the company is working towards defined short and long-term goals. These goals must be in accordance with the company's business idea, vision and strategy. There should be few goals, which all are directed towards critical success factors.

**Strategy**

The Board must ensure that the company formulates a clear strategy. A focused and long-term strategy, which is understood by all involved, is important to make sure that all resources are allocated and pull in the same direction.

**Control**

The Board should obtain regular profit/loss reports and ensure compliance with short and long-term goals.

A monthly-composed year-end prognosis is a useful additional tool. The Board must also make sure that the results presented show the actual situation.

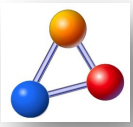
**Cash Flow**

Both in start up situations and in growth periods companies normally require additional funding. Having a running cash flow control and long term cash flow planning is a major responsibility to the Board.

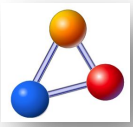
Strengthening the cash position is best undertaken at the early stages before liquidity problems develop in response to forward requirement projections.

**Variance**

The Board must ensure that any variance from the business plan or ISO quality assurance methodology is addressed by the management. The board should treat and approve actions related to significant deviations.



<b>Individuality</b>	<p>Every Company develops its own distinctive character and it is important that the Board respects and further develops this.</p> <p>Members of the Board shall of course build on own experience, but not uncritically copy from other engagements.</p>
<b>Man. Dir.</b>	<p>The Board is formally the MD's superior. One of its most important tasks is to recruit, develop, support and if necessary replace the MD.</p>
<b>Roles</b>	<p>Ownership, board responsibilities and leadership are different roles in a company. In small and medium size companies, the roles often are mixed, some times with unfortunate consequences.</p>
<b>Determination</b>	<p>The board must be wiling to take actions as and when required to ensure the success of the company and at the same time ensure the management agrees with and supports the decisions board.</p>
<b>Risk Factors</b>	<p>Within the field of managing funds on behalf of the shareholders lay an ongoing evaluation of risks and supporting actions.</p> <p>Risks are defined as:</p> <ul style="list-style-type: none"><li>Unwanted and unforeseen things can happen</li><li>Inefficient operation and processes</li><li>Failure to exploit the possibilities, market, product, and technology</li></ul> <p>The Board must initiate remedial actions where and when required.</p>
<b>Composition</b>	<p>It is the General Assembly who elects the Board of Directors. However the Board should make an evaluation on how the Board should be best composed. No conflicts of interest that lead to side considerations by the individual board member should exist</p> <p>The Board should have a composition of competence that matches the company's situation and needs and complements the company's own competence levels.</p> <p>The climate in the Board should be of such a nature that it allows creative dissensions without undermining the Board as a collegium.</p>
<b>Board Meetings</b>	<p>It is important that a part of the agenda is standard and another part is of current interest or more comprehensive matters as budgets, total strategy, development of the organization, market strategies, financial management etc.</p> <p>On a regular basis, the board should discuss its own way of working and allow the Chairman to initiate required change. Matters to the Board should consist of resolutions, discussions and information.</p>
<b>Accessibility</b>	<p>The Board shall on behalf of the Shareholders actively support the business and the management. Board members should be able to allocate sufficient time to the company and have time to prepare and follow up Board Meetings.</p>



## RESPONSIBILITIES AND TASKS

### Meetings

It is important to keep frequent meetings, if possible from 6 to 12 per year.  
All depending on where the company is at any given time in the cycles.

### Fees

Chairman, risk	£	X.000 per year
Board member, risk	£	Y.000 per year
Meetings	£	Z.000 per meeting

London, December 31<sup>st</sup> 2010

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**Templates Ltd**

Name

Chairman

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Name

Member of the Board