

CHAPTER

6

BOARD WORK ORGANISATION

How to organise Board work in practice: planning, meetings, decision-making, committees, the Board secretary and regular evaluation.

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6.1

EFFECTIVE BOARD WORK: PLANNING, MEETINGS, MATERIALS AND MINUTES

Leading by example starts at Board level: an effectively organised Board translates into smooth processes throughout the company, from aligned decision-making cycles and calendars to well-defined internal governance processes, policies and documents.

The Board should set its overall objectives for the term of its appointment, aligned with the shareholders' letter of expectations, and translate them into annual goals and deliverables. It is good practice to review the objectives annually.

Planning of Board work

It is recommended to plan the annual Board work to cover both routine tasks (compliance reports, regular approvals) and strategic focus areas. The mix of agenda items should reflect all key areas of the Board's responsibility. A deep dive into a particular business area can lead to better understanding, involvement and strategic input or risk mitigation, and guest speakers such as key suppliers, customers or market experts can contribute to value creation and shared know-how. The annual plan (*see the examples of an annual plan and a Board calendar in Annex 5*) can be converted into an annual Board calendar with preliminary agendas for Board meetings and other events (strategy session, Board self-evaluation and similar). It should be communicated internally, so that everyone knows what has to be prepared and submitted to the Board and when, and it should be integrated into the company's decision-making processes and, where applicable, its external reporting requirements.

Board meeting agenda

The Board should put more emphasis on the future and on strategic issues than on the past and operational issues (the 80/20 rule). Important decisions, including strategic ones, should be taken in the first part of the meeting, with management reports and items for information following. Past and operational issues should be addressed by the Board mainly where they fall outside the normal or expected range, in which case they usually involve risk or compliance.

The meeting agenda should be prepared by the Chair in consultation with the CEO and with the assistance of the Board secretary, on the basis of the annual Board work plan, the preliminary agendas and current items. The draft agenda is distributed to Board members for feedback and suggestions; the final version is

then distributed by the Board secretary to all Board members and to the CEO or Management Board. The CEO allocates the agenda items and related tasks to those who will prepare the materials for the meeting.

It is not good practice to add new agenda items during the Board meeting, because no materials are available and the discussion will be ineffective. Exceptions may be made for urgent and important matters if all Board members agree.

Recommended structure of Board meeting agenda

1. appointment of the secretary of the meeting (if there is no permanent secretary);
2. declaration of conflicts of interest by each Board member in respect of the topics of the meeting (if any);
3. approval of the agenda (including any changes);
4. management report, covering all relevant developments since the last Board meeting;
5. oversight of strategy implementation;
6. strategic topics (achievement of strategic goals, strategic projects);
7. topics for decision (budget, investments, policies, procedures, agreements), including the preliminary wording of all proposed decisions; for the most important proposals it is good practice to have a Board submission (cover) letter, memo or similar formal document signed by the responsible persons (CEO, CFO, chief legal officer, chief compliance officer);
8. reporting (Board committee reports, financial and non-financial reports, projects, programmes, risks, compliance, internal audit, implementation of Board decisions);
9. other topics;
10. Board meeting evaluation and other Board-only topics (without management);
11. the Chair's feedback to the CEO on the Board meeting.

To make the agenda as clear as possible to all participants and to those preparing the materials, the agenda should indicate:

- the start and end time of each topic (for example 09:45–10:15), so that every participant (Board members, employees, invited guests) knows when it begins and ends;
- whether each topic is for decision, for information or for discussion;
- who will present each topic (not only the CEO or CFO, but also heads of departments); it is good practice to invite the responsible employees to present

their topics and answer the Board's questions, so that they feel more engaged and receive the Board's feedback directly;

- how much time is allocated to the presentation of each topic (5 to 10 minutes is recommended, since all Board members have read the materials and there is no need to go through them again), so that the presenter knows how much time is available;
- how much time is planned for the Board's discussion of each topic, depending on how new and challenging it is.

A clearly defined agenda contributes to the efficiency of the whole meeting by helping all participants keep to the timing of presentations and discussions.

From time to time the Board may take a deep dive into a specific topic or area to discuss opportunities or to gain a better understanding of a particular subject or environment. Depending on the subject, the Board decides whether the session is formal (part of the meeting agenda) or informal.

It is good practice to hold a short feedback session among Board members only, immediately after the formal meeting, on what went well and what can be improved. The Chair then communicates any recommendations for improvement to the CEO.

If a Board meeting is planned to run for more than two hours, a short break approximately every one and a half hours is recommended.

A strong recommendation: no surprises for the Board, neither bad nor good.

Board meeting materials

Board meeting materials should be prepared for decision-making, distilling the essence of the recommended decision and its alternatives, with supplementary materials as annexes. All materials to be presented during the meeting should be included in the Board pack. Every Board should discuss and agree with management the appropriate depth, volume and scope of the regular reports.

The materials should be prepared and delivered to the members in advance (at least seven calendar days is advisable), and Board members may send important clarifying questions to management in advance so that answers can be prepared in time.

The success of the Board meeting depends very much on the quality of the materials.

A good set of Board materials helps to achieve:

- high quality of the Board decisions based on relevant and timely information;

– effective Board work, with decisions adopted in a constructive way and without unnecessary delay.

Board meeting materials are a formal record of the Board's decision-making process, and management has a responsibility to flag problems and opportunities clearly and simply (see the business judgement rule in sub-chapter 8.1).

Each item that requires a decision should be accompanied by a structured Board submission letter (*see Annex 6*).

Checklist for the preparation of Board materials and Board submission letters:

Legal and fiduciary responsibilities	Does the Board have the authority to make the decision? Is the decision in line with legal requirements? Is the proposal in the best interests of the company? Does anyone have any conflict of interest? If the proposal is contentious, does it include more than one source of advice?
Complete	Is there enough information, analysis, supporting facts for the Board to make an informed decision with confidence?
Relevant	Is all the information relevant or does it include "nice to know" and unnecessary information?
Accurate	Are the numbers and facts accurate? Is there a clear distinction between facts and opinions?
Strategy	Does the information provided comply with the company's strategy and the best long-term interests?
Sustainability (ESG)	Do the information provided and the proposals made align with the company's sustainability (ESG) goals and initiatives?
Financial assessment	What effect will the proposal have on the financial situation or forecasts, and is it within the approved budget?
Risks and compliance	Does the proposal include the identification, assessment and mitigation of risks? Are there compliance related issues and how are they addressed?
Implementation	Does the implementation of the decision require changes to any internal governance or operational documents, such as policies, procedures or management plans? Does the proposal include monitoring and measurement arrangements? What communication is needed with stakeholders?
Standard form (template)	Does each Board submission letter follow the standard structure?

Typical problems with Board meeting materials:

– written for management, not for the Board: a great deal of unnecessary and irrelevant information about operational issues that can distract the Board from its governance role;

- assumptions of shared knowledge: the Board usually does not have the same depth of understanding of a topic as management, so acronyms and jargon may not be understood;
- “selling” a decision, which can create a false sense of security about the company’s position;
- no decision proposed or formulated, and no arguments provided;
- no alternatives presented and no pros and cons;
- poorly written and structured: the Board expects to see the key messages spelt out simply and clearly, not essays with an introduction, body and conclusion;
- poor layout: a bad first impression may influence the Board’s attitude to the content, and a document with long paragraphs, lengthy bullet lists and too much information squeezed into a tight space is difficult to read.

Running an effective Board meeting

The outcome of a Board meeting depends very much on the preparation of each Board member and each participant. The key role in ensuring the effectiveness of the meeting lies with the Chair of the Board (who usually chairs the meeting), supported by the Board secretary. The Chair is responsible for leading the meeting but is not the “boss” of the Board members and should behave accordingly.

Every Board member and invited participant arrives in good time so that the meeting can start on time. Seating should be arranged so that each Board member can see and hear the others. The CEO and the Board secretary should sit on either side of the Chair, who usually needs to communicate with both of them during the meeting.

A thorough and constructive discussion, conducted in good faith and aiming at consensus, is recommended. Frequent disagreement may indicate internal tensions in the Board or the company.

The Chair should organise the discussion of each item so that every member has a say and equal time to express their views. It is recommended that the Chair gives the floor to each member in turn and, after all have spoken (asked questions, made suggestions, put arguments), expresses their own opinion and summarises the discussion.

During the meeting the Chair summarises the discussion of each item, any assignments and the decisions, for recording in the minutes. The Chair must ensure that the timing set in the agenda for each item is kept, so discussions should be short and clear, avoiding unnecessary chatter. The discussion is first of all among Board members; other participants speak only when asked.

Minutes of the Board meeting

The minutes are ultimately the only document that can explain why and how the Board took a decision and that it was taken in the best interests of the company. The record of the discussion, questions, answers and arguments should show that the Board acted in good faith and with due care, for a proper purpose and in the absence of a material personal interest, and reached a rational decision that was reasonable for each member to reach.

To ensure a proper record, the Chair should state the decision very clearly (especially if it differs from the prepared draft) and the votes of the Board members. The key points of opinions and arguments are normally recorded, and a Board member may specifically state that a view is expressed “for the minutes”.

The minutes are a record of the Board’s decisions and of the process by which they were made. They should list the main arguments of the Board members in favour of the decision and the reasons why alternatives were not adopted. Minutes are neither a transcript of the discussion nor merely a list of decisions: they should clearly show how the Board came to a specific decision. Any independent advice received on any aspect of the discussion should be recorded, and particular attention should be paid to recording strategic and risk-related matters.

The draft minutes should be prepared and distributed to Board members, for example as a shared file accessible to all, within two to three working days, and Board members should respond with any comments within three working days, failing which they are deemed to have approved them.

It is advisable for the minutes to be signed by the secretary and all Board members.

The procedure for preparing and approving the minutes should be described in the Board charter.

Common shortcomings in minutes:

- failure to document the quorum throughout the meeting;
- poor and unclear description of Board decisions, actions and statements;
- lack of the reasons and arguments for which a decision was adopted;
- long delay in providing the draft minutes after the meeting (good practice: two to three working days);
- long delay in collecting the Board’s comments and providing the final version (good practice: two to three working days).

KEY TAKEAWAYS

A. Effective Board work starts with planning: objectives for the term aligned with the shareholders' expectations, an annual work plan covering routine and strategic items, and an annual calendar communicated throughout the company.

B. The agenda gives priority to the future and to strategy (the 80/20 rule), places decisions before reports, and shows for each item whether it is for decision or information, who presents it and how much time is allocated. New items are not added during the meeting except in urgent cases with everyone's agreement.

C. Board materials are prepared for decision-making, delivered at least seven days in advance and accompanied by a structured submission letter for each decision; management must flag problems and opportunities clearly, and the Board agrees with management the depth and scope of regular reports.

D. The Chair runs the meeting so that every member has a say and equal time, keeps to the agenda, summarises the discussion and the decisions, and speaks last; a short Board-only feedback session follows each meeting.

E. The minutes are the only record of why and how the Board decided: they capture the arguments, the alternatives rejected, any independent advice and the votes, are circulated within two to three working days and are signed by the secretary and the Board members.

QUESTIONS FOR THE BOARD

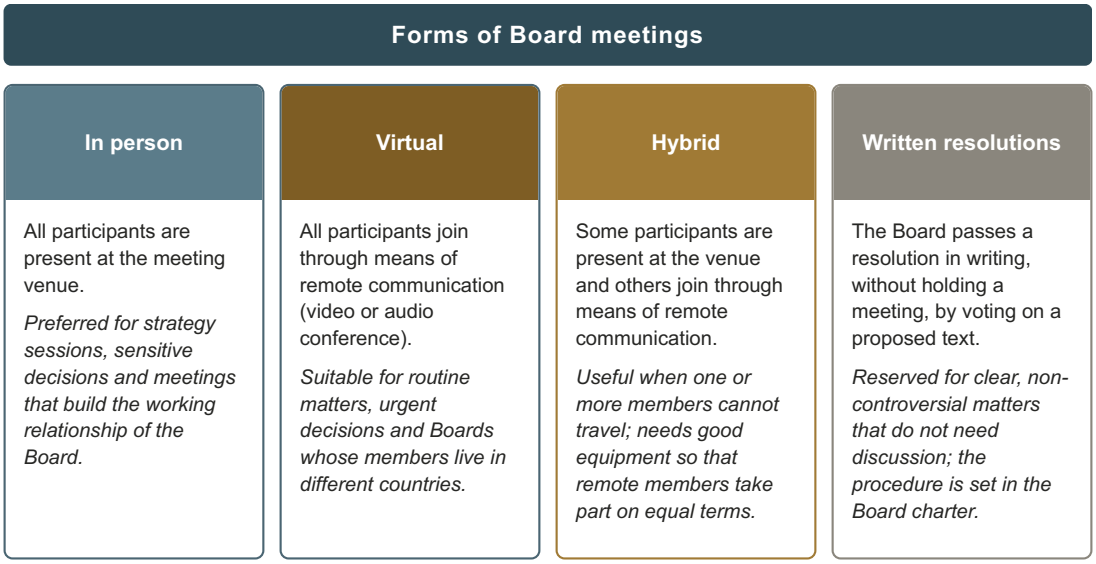
1. *Does the Board have agreed objectives for its term and an annual work plan and calendar, and does the agenda mix reflect all key areas of its responsibility?*
2. *How much of the last meeting was spent on the future and strategy, and how much on the past and operations?*
3. *Are the materials delivered at least seven days in advance, written for the Board rather than for management, and accompanied by a submission letter with a proposed decision, alternatives and risks?*
4. *Does every Board member speak on every significant item, and does the Chair summarise the discussion and the decision before moving on?*
5. *Would our minutes allow a reader in three years' time to understand why the Board decided as it did, and are they circulated and approved within the agreed deadlines?*
6. *When did the Board last hold a Board-only feedback session after a meeting, and what changed as a result?*

6.2

FORMS OF THE BOARD MEETINGS

The Board may hold meetings in person, virtually by telephone or video conference or by comparable means of remote communication, or in a hybrid format combining in-person and remote participation. In exceptional cases the Board may pass resolutions in writing. The Board charter should set out the forms of Board meeting used in the company and the organisational arrangements for each, including the submission of documents and the decision-making procedure.

Figure 6.1 **Forms of Board meetings**



Choosing between in-person, virtual and hybrid meetings

In practice, in-person meetings remain the best format for Board meetings: they allow direct and immediate communication, non-verbal cues can be observed, and the informal contact before, during and after the meeting builds the personal connections and trust on which teamwork and decision-making depend. Moving away from them should not be decided without careful evaluation.

There is, however, no one-size-fits-all approach. Some Boards need in-person meetings because of the nature of their work, non-routine issues or the need for stronger personal connections; others, especially those with geographically dispersed members or time constraints, benefit from virtual meetings, which eliminate travel time and costs, are easier to schedule and increase attendance. A hybrid approach may offer the best of both: personal contact when necessary and the efficiency of virtual meetings for routine matters. Each company should weigh its objectives, costs and the concerns of its Board in choosing the format.

Whatever the format, remote members must have the same opportunity to participate as those in the room, and it is easy to attend a virtual meeting without paying full attention. Companies introducing virtual or hybrid meetings should therefore ensure that they have a secure system providing multi-party audio, the transfer of documents and voting, and, for hybrid meetings, a process that gives equal opportunities to in-person and remote participants.

When deciding on the form of a particular meeting, the Board should also consider its agenda, for example:

- whether the meeting is limited to routine issues or includes non-routine ones;
- whether significant business transactions or governance, operational or performance issues will be discussed;
- whether a virtual or hybrid meeting is in the interests of the majority of Board members;
- whether meaningful engagement among Board members is possible.

Procedures for virtual and hybrid Board meetings

The format of each meeting and the instructions for participation should be communicated clearly in advance, and the Board calendar should show the format of the meetings planned for the whole year.

Once a company has decided to hold virtual or hybrid Board meetings, it should adopt formal rules for participation in them, covering the mechanisms for participation and for voting by remote means. These rules should be integrated into the Board charter. They should regulate at least the following:

- the identification of Board members;
- measures to ensure that all Board members can participate in the meeting, including the opportunity to follow the whole discussion;
- the mechanism enabling Board members to vote during the meeting;
- the procedures for documenting or recording the meeting;
- other administrative, technical and logistical matters.

To ensure that virtual or hybrid participation provides the same opportunity for dialogue among Board members, management and other participants as an in-person meeting, Boards should follow good practices such as the following:

- take account of all members' views before choosing between a virtual, hybrid and in-person meeting, evaluate members' responses to previous virtual meetings and consider requests to hold subsequent meetings in person;

- establish a meeting protocol or guidelines explaining how the meeting will run and how its main elements will be handled (how to present, when members may speak, how to raise a virtual hand, how to ask questions);
- ensure equal access to present information and take part in discussions, especially in hybrid meetings where some members are in the room and others remote;
- assign additional roles to facilitate virtual or hybrid meetings (for example, a person responsible for monitoring the online attendees to ensure that they receive the information and get time for discussion, questions and comments);
- keep Board members engaged (cameras on, assignments to present particular items, inviting members who have not spoken to contribute, survey tools to gather opinions);
- provide Board members with the technical support they need to participate.

Written resolutions

If all members agree, the Board may take decisions in writing.

The decision, and the fact that it was taken in writing, must be recorded in minutes. The decision becomes valid when all Board members have signed the minutes, unless the Board charter provides otherwise.

The purpose of Board meetings, however, is for the Board to meet, and the larger the Board, the more likely it is that someone will want to discuss an issue before a decision is taken. For difficult issues, and in companies with many Board members, it is therefore hard to take decisions without a meeting. Written resolutions are usually used for routine or minor issues that do not require discussion, or for topics that were presented and discussed at a previous meeting but could not be decided at the time because of missing information or timing, so that the formal decision is taken afterwards in writing.

Recommendations for Board decisions taken in writing:

- all Board members must agree that the decision is taken in writing;
- the minutes must indicate that the decision was taken in writing;
- all Board members must sign the minutes;
- the date of the decision must be indicated in the minutes.

KEY TAKEAWAYS

A. Board meetings may be held in person, virtually, in hybrid form or, exceptionally, by written resolutions; the Board charter should set out the forms used and the arrangements for each, including the submission of documents and the decision-making procedure.

B. In-person meetings remain the best format for substantive discussion and for building trust; virtual and hybrid meetings bring flexibility, lower cost and higher attendance but must give remote members the same opportunity to participate.

C. The choice of format depends on the agenda: routine items suit virtual meetings, while significant transactions, governance and performance issues call for in-person discussion.

D. Virtual and hybrid meetings need formal rules integrated into the Board charter (identification, participation, voting, recording) and good practices such as a meeting protocol, equal access, a facilitator for online attendees and measures to keep members engaged.

E. Written resolutions require the agreement of all members, are recorded in minutes signed by all and dated, and are reserved for routine or minor matters or for decisions already discussed at a meeting.

QUESTIONS FOR THE BOARD

1. *Does our Board charter set out the forms of meeting we use, and the rules for participation, voting and recording in virtual and hybrid meetings?*
2. *How do we decide the format of each meeting, and is the format shown in the annual Board calendar?*
3. *Do remote participants in our hybrid meetings have the same opportunity to see the materials, take part in the discussion and vote as those in the room?*
4. *Are our systems for virtual meetings secure, and is technical support available to every Board member?*
5. *How often do we use written resolutions, and are they limited to routine matters or decisions already discussed in a meeting?*

6.3

DECISION-MAKING: DISCUSSION, REACHING A DECISION AND VOTING

Basis for Board decisions

The decision-making process is sometimes said to be more important than the decision itself, because no one can know whether the right decision has been made until the outcome is known.

Boards should base their decisions on an analysis of the facts and pay attention to following a proper process.

Questions for each Board member to consider before a decision is adopted:

1. Is the Board the right body to take this decision; is it within its competence?
2. Do I, or does any other Board member, have or potentially have a conflict of interest? If so, see sub-chapter 5.3.4.
3. What is the problem to be resolved? What is the Board trying to achieve through this decision?
4. Is it in the best interests of the company? Is the proposed decision in line with the company's long-term vision and strategy? Am I acting fairly and honestly?
5. What are the possible alternatives, advantages and disadvantages of each?
6. What are the main factors to consider for each alternative?
    a. What are the costs and benefits of each alternative?
    b. Is a risk analysis provided? How could the risks be managed?
7. Do I have, and understand, all the necessary facts and information? What are the gaps? Are the assumptions reasonable, and should they be challenged?
8. Does the Board have sufficient expertise to take this decision, or does it need additional internal or external advice?
9. Why do I consider this the best decision, and on what grounds? Can I explain it? Is it reasonable in my objective opinion?
10. What communication is necessary about the decision?
11. How will the Board monitor the implementation of the decision?

Balancing stakeholder interests. Boards face complex decisions that benefit some stakeholders while disadvantaging others. Such choices should be made in the long-term interests of the company, and Board members need to be able to explain their decisions, including how the impact on affected stakeholders has been considered and what the company plans to do in mitigation.

The role of the Chair. The Chair guides the direction and priorities of the meeting, ensures that the Board has effective decision-making processes and that major proposals are sufficiently challenged, invites the opinion of each member and speaks last.

Quality of discussion. Boards do not usually carry out their own analyses but rely on the materials presented by management; the Board is, however, entitled to obtain the opinion of external experts or other competent third parties where the complexity of the matter requires it. The decision-making process focuses on asking challenging questions and helping management to develop alternatives. The Board must avoid the trap of groupthink, which arises when a Board falls into the habit of rubber-stamping decisions and avoiding diversity of thought, and the Chair in particular should keep the discussion away from excessive detail and micromanagement.

It is good practice to divide large strategic decisions into stages, so that the Board can give each stage detailed attention before moving to the next: for instance, discuss the concept of a project first, then challenge the assumptions on which it is based, then analyse the risks and the budget, and only then take the final go-ahead decision.

To get through a long agenda, not all decisions should be treated in the same way: strategic choices should receive enough time for debate, while reports need to be presented only where there are critical matters.

Voting. After the discussion, Board members state whether they are for or against the proposed decision. Decisions are adopted in accordance with the voting rules in the company's internal documents. It is good practice to organise the debate so as to reach unanimous decisions where possible: Boards act effectively when they speak with one voice outside the boardroom.

Assessment of the decision-making process. Once a significant decision has been taken, the Board may find it useful to review the effectiveness of the process immediately after the meeting and, where relevant, the merits of the decision itself. This can also be a topic in the Board evaluation questionnaire.

Traps that lead to poor decisions:

- a dominant personality or group of members on the Board, inhibiting contribution from others;
- insufficient diversity of perspective on the Board, which contributes to groupthink;

- a compliance mindset and failure to treat risk as part of decision-making;
- insufficient knowledge and ability to test underlying assumptions;
- failure to recognise the consequences of running the business on the basis of self-interest and other poor ethical standards;
- a lack of openness by management, a reluctance to involve non-executive members, or a tendency to bring matters to the Board for sign-off rather than debate;
- complacent or intransigent attitudes;
- inability to challenge effectively;
- inadequate information or analysis;
- poor quality papers;
- lack of time for debate, or truncated debate;
- undue focus on short-term horizons;
- insufficient notice.

KEY TAKEAWAYS

A. The quality of a decision depends on the quality of the process: an analysis of the facts, a proper procedure and a record that shows how the decision was reached.

B. Before deciding, each Board member should ask whether the Board is the right body, whether there is a conflict of interest, what problem is being solved, whether the decision is in the company's best interests and in line with strategy, what the alternatives, costs, benefits and risks are, whether the information and assumptions are sound, and how the decision will be communicated and monitored.

C. The Chair guides the discussion, ensures that major proposals are challenged, invites every member's opinion and speaks last; the Board relies on management's materials but may obtain independent expert advice, and must avoid groupthink and micromanagement.

D. Large strategic decisions are best taken in stages, from concept through assumptions, risks and budget to the final go-ahead, and not all agenda items deserve the same time.

E. Decisions are adopted under the voting rules in the company's internal documents, ideally by consensus, and the Board speaks with one voice outside the boardroom; the effectiveness of the process itself should be reviewed after significant decisions.

QUESTIONS FOR THE BOARD

1. *Before our last significant decision, did the Board consider the alternatives, the risks and the assumptions, or only the proposal put to it by management?*
2. *Does the Chair make sure that every member speaks before giving their own view, and are major proposals challenged rather than rubber-stamped?*
3. *When did the Board last obtain independent advice on a complex matter, and how did it decide that it was needed?*
4. *Are large strategic decisions taken in stages, and does the Board give strategic choices more time than routine reports?*
5. *Which of the traps that lead to poor decisions could apply to our Board, and how would we know?*

6.4

BOARD COMMITTEES – WORKING METHODS

The role and composition of the committees are described in sub-chapter 3.4; this sub-chapter deals with their working methods.

Responsibilities and authority of committees

Committees facilitate the Board's work through monitoring, information, advice and the preparation of decisions to be taken by the Board. Committees should exercise independent judgement and integrity in performing their functions and in deciding on their recommendations to the Board. The recommendations are not binding; the final decision is taken by the Board.

Committee members are expected to act in good faith, dedicate the necessary time to the tasks delegated by the Board, exercise due diligence, be thorough in pursuing their duties, alert the Board to developments and risks in their areas and report to the Board in good time to support its decisions. In return, the Board is expected to delegate responsibilities to committees in a reasonable manner and to give them the expertise, resources and information they need.

Reporting to the Board

The committee charter should include reporting rules to ensure accountability to the Board.

Regular committee reports should highlight only the most important issues emerging from the committee's discussions: the things the full Board really needs to know.

If a committee meets just before a Board meeting, the committee chair presents an oral or written summary of the key points, with the minutes or report to follow.

The minutes of the committee, or its report, should be available to the Board. The secretary of the committee is responsible for taking the minutes of each meeting.

The committee submits an annual report to the Board.

Disclosure of Board committees in the annual report

Companies should also include in their annual reports information on the existing Board committees: their composition, the number of meetings and attendance

during the year, and the main areas of their activity and their performance, in compliance with the rules on the processing of personal data.

Technical environment

Providing the right tools is important for effective committee work: tools that allow committees to collaborate, communicate, share and review documents, set agendas, work on preparatory materials, distribute minutes and publish results.

Key elements of effective Board committees

There is no one-size-fits-all approach to Board committees; the key elements that increase their effectiveness are:

- a clearly defined purpose, duties and composition;
- clearly defined rules governing the committee's activities;
- regular and timely meetings;
- established reporting process;
- integration of the committee into the company's processes;
- the right tools for the committee's work.

KEY TAKEAWAYS

A. Committees facilitate the Board's work through monitoring, information, advice and the preparation of decisions; their recommendations are not binding, and the final decision is taken by the Board.

B. Committee members act in good faith, dedicate the necessary time, exercise due diligence and alert the Board to developments and risks in their areas; the Board in turn delegates reasonably and provides the expertise, resources and information required.

C. The committee charter sets the reporting rules; regular reports highlight only what the full Board needs to know, the committee chair summarises key points at the next Board meeting, minutes or reports are available to the Board and an annual report is submitted.

D. The annual report of the company discloses the committees, their composition, the number of meetings, attendance and main areas of activity.

E. Effective committees have a clearly defined purpose, duties and composition, clear rules, regular and timely meetings, an established reporting process, integration into the company's processes and the right tools.

QUESTIONS FOR THE BOARD

1. *Does each committee have a charter with a clear purpose, duties, composition and reporting rules, and when was it last reviewed?*
2. *Do committee reports tell the full Board what it needs to know without repeating the committee's whole discussion?*
3. *Does the Board give its committees the time, expertise, information and tools they need, and does it evaluate their effectiveness?*
4. *Are the committees, their composition, meetings and attendance disclosed in the annual report of the company?*
5. *Is the Board clear that committee recommendations prepare its decisions but do not replace them?*

6.5
BOARD SECRETARY

Who is the Board secretary

The duties of a Board secretary vary from company to company, depending on the type of company, the sector in which it operates and the structures, policies and procedures it adopts.

Whatever the company, the Board secretary usually plays a valuable role as a bridge for information, communication, advice and arbitration between the Board and management, and between the company and its stakeholders, including its shareholders. The Board secretary can help management to understand the requirements of the Board, help the Board to understand the challenges management faces in meeting them, and help the company to manage stakeholder relations. The role therefore involves, in addition to compliance, working with people to create the culture that allows the governance structures, policies and procedures to work effectively.

There are several ways of establishing the Board secretary function, and choosing the right one is an important governance decision. The three main models are described below.

1. **The chief legal officer (CLO) model**
   In this dual role the company's most senior lawyer also serves as secretary to the Board. It is a common choice in medium-sized and large companies seeking streamlined communication with the executive. It brings efficiency and authority: deep knowledge of the company's legal risks and strategy is immediately available to the Board, and the CLO carries the weight needed for governance advice to be taken seriously. The challenges are workload and conflicts of interest: the dual burden can lead to overload or a lack of attention to administrative precision, and the CLO may struggle to remain an objective guardian of governance when their own executive legal decisions are under the Board's scrutiny.

2. **The dedicated in-house secretary**
   A dedicated employee, typically a lawyer or governance professional, is appointed solely to manage the Board's affairs and usually reports directly to the Chair. This model provides focus and independence: undivided attention to Board logistics, minutes and relations with Board members, and a more neutral perspective on procedural compliance than the CLO can offer. Without broader

operational duties, however, the secretary may lack the wider context of the company's day-to-day legal challenges.

3. **The external professional model**
   The company outsources the function to a specialised governance firm or external legal counsel. This gives the company and the Board access to experts who keep abreast of evolving governance rules across several industries. An outsider may, however, lack an intuitive understanding of the company's internal knowledge and interpersonal dynamics, and may not be available for urgent, last-minute consultation while serving other clients.

Appointment and required skills

It is best practice for the Board secretary to be appointed and removed by the Board, which should ensure that the person appointed is capable of carrying out the role.

The skills required of a good Board secretary include:

- respectful, diplomatic and effective communication;
- active listening;
- bringing issues to the surface, especially those relating to reputational risk;
- identifying common concerns and interests;
- generating alternative solutions;
- respecting confidences;
- appreciation of all parties;
- disagreeing constructively;
- a commercially minded approach.

The Board secretary is responsible to the Board and accountable through the Chair for all matters relating to their core duties to the Board.

Role and functions

The role of the Board secretary includes the following key functions:

- ensuring compliance with governance procedures;
- communication with Board members;
- communication between the Board and management;
- shareholder relations and the organisation of shareholder meetings;
- acting as the conscience of the company;
- ensuring compliance with laws and regulations;

– organising induction training for newly elected Board members;
– managing the company's corporate governance framework.

The functions and responsibilities of the Board secretary are set out in Annex 7.

KEY TAKEAWAYS

A. The Board secretary is the bridge between the Board and management and between the company and its stakeholders, helping each side understand the other and creating the conditions for the governance structures and procedures to work.

B. The function may be set up in three ways: the chief legal officer as secretary (authority and efficiency, but workload and conflicts of interest), a dedicated in-house secretary (focus and independence, but less operational context) or an external professional (specialist expertise, but less internal knowledge and availability).

C. The Board secretary is appointed and removed by the Board, is responsible to the Board and accountable through the Chair, and needs diplomacy, active listening, the courage to surface issues, discretion and a commercial mindset.

D. The key functions cover governance procedures, communication with and between the Board and management, shareholder relations and meetings, compliance with laws and regulations, induction of new members and management of the governance framework; a checklist of tasks is provided in Annex 7.

QUESTIONS FOR THE BOARD

1. *Which model of Board secretary do we use, and does it give the Board the independence, expertise and availability it needs?*
2. *Is the Board secretary appointed by the Board and accountable through the Chair, rather than to management?*
3. *Does the Board secretary have the skills, standing and access to bring difficult issues, including reputational risks, to the Board's attention?*
4. *Are the key functions of the Board secretary defined in writing, and are induction of new members and management of the governance framework among them?*
5. *How does the Board assess the quality of the support it receives from the secretary?*

6.6

BOARD PERFORMANCE EVALUATION AND IMPROVEMENT ACTION PLAN

The effectiveness of the Board affects the performance and success of the whole company, so the Board should improve its performance constantly. It should demonstrate performance and leadership in guiding management and provide valuable support to the top executives, which only a professional, effective and engaged Board can do. Board should carry out a self-evaluation and report (preferably in the annual report) a summary of key findings and performance improvement plan to the shareholders.

The self-evaluation should be guided by the Chair of the Board. The Board may, however, decide to engage an external facilitator to assist in preparing the questionnaire and in leading the Board discussions.

While the Board performance evaluation is owned and led by the Chair of the Board, appropriate involvement of top management can provide valuable insight into the effectiveness of the interaction between the Board and management. Such input should be structured, clearly defined in scope and focused on areas where management has direct experience, such as the quality of the strategic dialogue, the clarity of guidance and the effectiveness of decision-making processes. At the same time, safeguards should be in place to preserve the independence of the evaluation, ensuring that management's input complements, but does not influence or constrain, the Board's own assessment and conclusions. The questionnaire for top management will differ from the Board's questionnaire and should have an introductory part explaining the Board's expectations and how to carry out this important exercise (see the example in Annex 9).

A thorough annual self-evaluation is one of the key tools for developing the Board's performance and effectiveness continuously. The Board's work is complex and each Board member is different, so there are many aspects that the Board could and should discuss during the self-evaluation.[29]

The key success factors of a self-evaluation that produces real improvement are:

– Purpose. A genuine desire to build a high-performing Board that is equipped to anticipate, meet and overcome future challenges and to ensure alignment with the company's long-term strategy.

29 G20/OECD Principles of Corporate Governance (2023), Principle VI.E.4, which recommends that Boards regularly carry out evaluations to appraise their performance and assess whether they possess the right mix of background and competences.

- Scope. The evaluation should cover the Board as a collective body, the Board members individually and the Chair.
- Preparation. The most important step is to create, or revise, the self-evaluation questionnaire (see Annex 8 for an example).
- A clear plan. The Chair, with the help of the Board secretary, develops and communicates the plan for the whole process and allocates the resources needed to support it.
- Open and objective discussion. Each member and the Board as a whole must be fully open and objective in discussing their own performance and that of the Board; only then can the areas for improvement be identified.

The self-evaluation process can be divided into the following stages:

1. **Planning.** Create and agree a self-evaluation plan, including the meeting schedule, specific tasks and the people involved.
2. **Questionnaire.** Develop a questionnaire covering the Board's work and engagement. It is good practice to review the existing questionnaire with the whole Board before each annual self-evaluation and to make the necessary amendments. It is important not only to give a score but also to provide comments where the score is not the highest. A separate questionnaire should be developed for top management (see the example in Annex 9).
3. **Evaluation.** Each Board member completes the questionnaire, and all evaluations and comments are consolidated. Each manager completes the management questionnaire.
4. **Results and action plan.** Board members discuss the consolidated results of both questionnaires and provide comments. After the discussion, the Board agrees on the common evaluation results and develops an improvement action plan (topic, deadline, responsible person; see Annex 10). The Board work improvement action plan may be presented to the shareholders to show them how the Board is seeking to improve its performance.
5. **Follow-up.** The Board supervises the implementation of the plan and reviews it at least twice a year (in the middle of the year and after the year-end).

It is good practice to carry out an **external evaluation** every three years, with the help of experienced consultants. Its benefits are:

- transparency, independence and greater objectivity;
- possible benchmarking against other Boards;
- a more thorough and impartial identification of strengths, skills and weaknesses, examined against the company's business goals and changing environment;

– a broader range of views and ideas on how to improve Board effectiveness including possible changes to the Board's composition.

Ultimate responsibility for the evaluation, internal or external, lies with the Chair of the Board.

The same principles are applicable to the committees' performance evaluation as they are set to the Board's evaluation.

It is recommended that the Board reports on the evaluation process to the general meeting of shareholders, describing the main outcomes, the actions taken or planned and how these affect the Board's future composition and effectiveness. The report should give a concise and clear summary of the process and its results, without disclosing information that is commercially confidential or could harm the company's interests. Such reporting allows shareholders to assess the Board's competence and, if necessary, hold it accountable at the annual general meeting, and helps to ensure that the Board operates in a way that promotes the company's long-term success. Further guidance on Board evaluation is provided in the ecoDa Board Evaluation Recommendations.[30]

KEY TAKEAWAYS

A. A professional, effective and engaged Board improves its performance constantly; an annual self-evaluation of the Board, its members, the Chair and the committees is the key tool for doing so.

B. The self-evaluation is led by the Chair with the support of the Board secretary, and its success depends on a genuine purpose, a clear scope, a well-prepared questionnaire, a clear plan and open and objective Board discussion.

C. Structured input from top management on the quality of Board–management interaction adds insight, provided that the evaluation remains independent and management's input complements rather than constrains the Board's own conclusions.

D. The process runs from planning and questionnaire through evaluation to an agreed improvement action plan with topics, deadlines and responsible persons, followed up at least twice a year.

E. An external evaluation every three years brings independence, objectivity and benchmarking; the Board reports on the process and its outcomes to the general meeting without disclosing confidential information.

30 ecoDa (2025), Board Evaluation Recommendations, available at https://www.bicg.eu/wp-content/uploads/2025/07/20250617-ecoDa-Board-Evaluation-Recommendations.pdf.

QUESTIONS FOR THE BOARD

1. *When did the Board last evaluate itself, its Chair, its members and its committees, and did the evaluation lead to an action plan with owners and deadlines?*
2. *Was the questionnaire reviewed and updated before the last evaluation, and did members add comments rather than scores alone?*
3. *Did top management contribute structured input, and were safeguards in place to keep the evaluation independent?*
4. *Has the improvement action plan been followed up during the year, and what has actually changed?*
5. *When was the last external evaluation, and did the Board report on the evaluation process and its outcomes to the shareholders?*