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?*