HOW TO USE THIS HANDBOOK

This Handbook is designed to be used as a **practical working document**. Readers do not need to read it only from beginning to end. Individual chapters may be used separately, depending on the needs of the company, the Board, shareholders or management.

Boards may use the Handbook to review their roles, responsibilities, agenda planning, committee structure, evaluation process, information flows and relationship with management. Board chairs may use it to improve Board effectiveness, meeting quality, decision-making and Boardroom culture. Shareholders may use it to better understand their rights, responsibilities and interaction with the Board. Management teams may use it to clarify expectations from the Board and to strengthen reporting, internal control, risk management and execution of strategy.

Companies may also use the Handbook as a self-assessment tool. Each chapter can serve as a basis for discussion: does our company follow this principle; is our current practice proportionate to our size, ownership structure and risks; what should be improved; and who is responsible for the next step? The Handbook may also support induction of new Board members, preparation of Board charters, review of governance policies, shareholder discussions and Board training.

This Handbook should not be treated as a rigid checklist. Good governance requires judgement. The right governance solution depends on the company's legal form, ownership model, stage of development, complexity, regulatory environment, stakeholder expectations and public-interest profile. The aim is not to copy formal structures, but to build governance arrangements that work in practice and improve the quality of decisions in particular company in specific time period.

> The Handbook is intended to be **a "live" document**. Corporate governance standards continue to develop, and the expectations of investors, regulators, owners and society are changing. BICG may update the Handbook, or individual chapters of it, whenever necessary. This may happen, for example, when the OECD Principles are revised, when ecoDa issues new recommendations, when EU or Baltic governance expectations evolve, or when practical experience shows that additional guidance would be useful.

> Readers are therefore encouraged to treat this Handbook as an **evolving source of guidance** rather than a final and fixed publication. Its value will

depend not only on the text itself, but on how it is used in practice: in Board discussions, shareholder dialogue, management accountability, governance reviews and continuous improvement of companies across the Baltic region and beyond.

*When using this Handbook, readers should take into account that corporate governance **structures and legal terminology differ across Estonia, Latvia and Lithuania**. National company laws may refer to supervisory boards, councils, boards of directors, management boards or other collegial bodies, and the allocation of functions may differ depending on the jurisdiction and legal form of the company. To ensure clarity and consistency, this Handbook uses the term **"Board"** to mean the collegial governance body appointed by the shareholders, responsible for strategic direction, oversight and control of the company. Depending on the country and legal form, this body may be called a supervisory board, supervisory council, council or board of directors. Its key functions normally include appointing and, where necessary, replacing the head of executive management, approving strategy, setting goals and KPIs for management, overseeing performance, ensuring accountability, and monitoring major risks and results.*

*By contrast, the body or group responsible for day-to-day business execution is referred to in this Handbook as **"Management", "Management Team" or "Executives"**, even where national law may use the term "Management Board". Management is responsible for running the company's operations within the authority delegated by the Board and applicable law. The executive management team is usually headed by the CEO or, in jurisdictions where a separate CEO is not formally elected, by a designated member of the Management Board, i.e. Chairperson of the Management Board. Accordingly, unless the context requires otherwise, all references in this Handbook to the **CEO** should be understood as references to the person leading the executive management team, irrespective of the specific legal title or status assigned to that person under local law.*