INTRODUCTION

Good corporate governance is essential for creating strong, resilient and trusted businesses. It defines how companies are led, controlled and held accountable, and how the roles of shareholders, the Board, management and other stakeholders are organised in practice. It is about better decision-making, clearer responsibilities, effective oversight, competent leadership and sustainable long-term value creation.

This Handbook has been prepared keeping in mind the businesses operating in the three Baltic countries of Estonia, Latvia and Lithuania. It reflects the governance context of the region, where companies often operate with concentrated ownership, in developing capital markets and have a need for more professional Boards as well as better overall corporate governance practices. At the same time, many of the principles and recommendations included here are universal. Therefore, the Handbook will be useful to companies, Board members, shareholders, executives, advisers, policy makers and other governance practitioners outside of the Baltics as well.

The purpose of the Handbook is to provide a highly practical guidance on how good corporate governance can be applied in real companies. It does not seek to replace national laws, stock exchange rules, sector-specific regulations, company statutes or professional legal advice. Instead, it should be used as a reference point and practical tool for improving Board work, shareholder relations, management accountability, strategic direction, risk oversight, internal controls, disclosure and ethics, helping to ensure long-term success of an enterprise.

The Handbook is based on internationally recognised corporate governance standards and good practices, including guidance by the Organisation for Economic Co-operation and Development (OECD), recommendations by the European Confederation of Directors' Associations (ecoDa) and other widely respected governance organisations. But while these sources provide an important benchmark, the Handbook goes further and adapts their principles to the practical needs of a businesses.

It is also important to note that a key principle of this Handbook is proportionality (i.e. “one size does not fit all”). Not every company needs the same governance structure. A listed company, a private enterprise, a family business, a state-owned enterprise and a subsidiary in a group will likely apply governance practices differently. However, all companies benefit from clear separation of leadership roles, competent and independent oversight and a long-term view towards value creation.

IMPORTANT NOTICE – DISCLAIMER

This Handbook reflects established international best practices in corporate governance. It is intended as practical guidance only and does not constitute legal advice. It does not supersede, replace, or limit any applicable national mandatory legislation, regulatory requirements, or binding rules of any stock exchange or supervisory authority.

In all circumstances, a company and its Board must comply with the laws and regulations of each country in which the company operates. Where national legislation or regulation prescribes a different approach from that recommended in this Handbook, the applicable mandatory legal requirements must be followed. Companies operating in multiple jurisdictions should seek qualified local legal counsel to ensure full compliance with all relevant rules.

This Handbook was prepared with the assistance of artificial intelligence tools, which supported research, drafting, and synthesis of relevant international frameworks and best practices. All content has been reviewed and validated by subject-matter experts. It should not be relied upon as a substitute for professional legal, financial, or governance advice tailored to a company's specific situation.