BICG
BALTIC INSTITUTE OF CORPORATE GOVERNANCE

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BOARD CHARTER

1. PURPOSE AND STATUS OF THIS CHARTER

1.1. This Charter sets out the working practices of the Board of the association Baltic Institute of Corporate Governance (the "BICG" or the "Institute") and the standards its members commit to. It supplements, and is subordinate to, applicable law and the Statutes of the Institute.

1.2. This Charter does not repeat the provisions of the law, BICG Statutes, the Code of Ethics, the Conflict of Interest Policy, the Board Composition and Rotation Guidelines or the terms and guidelines of the Policy groups – all of them are publicly available on BICG website. Those documents apply directly to the Board and its members and prevail over this Charter; the Charter only adds the practical arrangements needed for effective Board work.

1.3. As an Institute that promotes best corporate governance practices, the Board of BICG applies to itself the highest standards it advocates for with others. This Charter is a public document, available on the Institute's website.

2. ROLE OF THE BOARD

2.1. The Board is the collegial governing body of the Institute, with competences established in the Statutes. It is collectively responsible for the long-term success of the Institute: it acts in the interests of the Institute, guided by its purpose, vision and mission, and exemplifies the Institute's values. In accordance with the Statutes, the Board takes into account the perspectives and interests of BICG members across Lithuania, Latvia and Estonia as relevant input to its collective decision-making. However, each Board member exercises independent judgement and is not bound by instructions from any particular member, country or other constituency. All decisions shall be taken in the interests of the Institute as a whole.

2.2. In exercising its statutory competences, the Board pays particular attention to:

- approving and monitoring strategy, annual plans of activities and the annual budget;

- overseeing the financial position, principal risks and internal controls of the Institute;
- appointing, supporting, evaluating and, if necessary, replacing the President;
- Approving the country heads based on President's proposal
- ensuring compliance with law, the Statutes and other relevant internal and external legal acts and requirements;
- monitoring and promptly addressing any breaches of the Code of Ethics by individual and corporate members;

2.3. Matters not reserved to the General Meeting of Members or to the Board are the responsibility of the President, who manages the day-to-day activities of the Institute. The Board does not involve itself in operational management.

3. COMPOSITION

3.1. The election, size, tenure, country representation and rotation of the Board and its Chair are governed by the Statutes and the Board Composition and Rotation Guidelines.

3.2. Board members serve in a personal capacity and on a voluntary, unremunerated basis. No individual or a group of individuals may dominate the Board's decision-making.

4. CHAIR OF THE BOARD

4.1. The Chair is elected in accordance with the Statutes. The Chair leads the Board and is responsible for its effective functioning, but has no individual executive authority beyond that expressly delegated by the Board.

4.2. The Chair sets the meeting agenda in consultation with the President (who suggests the initial version of agenda), other members of the Board, chairs meetings and seeks consensus, serves as the main link between the Board and the President, receives the disclosure statements provided for in the Conflict of Interest Policy, leads the Board's self-assessment and the evaluation of the President, and liaises with the Nomination Committee.

5. MEETINGS AND DECISION-MAKING

5.1. Quorum, majorities, the casting vote of the Chair and the admissibility of remote participation are governed by the Statutes.

5.2. The Board meets as often as required to discharge its duties, and at least four (4) times per year, according to an annual calendar agreed in advance.

5.3. At least once a year, the Board dedicates a session to reviewing the strategy of the Institute.

5.4. The agenda of each Board meeting is prepared jointly by the Chair and the President (where the President is suggesting initial agenda). The agenda indicates, for each item, whether it is presented for decision, for discussion or for information. Items requiring a decision are placed first on the agenda, to ensure that sufficient time is available and that all decisions are taken.

5.5. The last item of each Board meeting agenda is reserved as the Board's own time, held without the presence of the management.

5.6. Board meeting materials are prepared by the President and distributed to all Board members by the Secretary of the meeting at least ten (10) calendar days before each meeting.

5.7. Board members are expected to prepare for, attend and actively contribute to meetings. Substantial questions arising during preparation should, where possible, be sent to the management and the other Board members in advance of the meeting in order to prepare qualified answers.

5.8. The Board shall adopt decisions only after thorough discussion, during which alternative options are considered and the associated advantages, disadvantages, costs, and benefits are assessed. Each member shall be given the opportunity to express their views and arguments.

5.9. Members of the management team normally attend Board meetings.

5.10. The Board strives to take its decisions by consensus. Where a vote is required, the voting rules of the Statutes apply.

5.11. Minutes recording the matters considered, the decisions taken and any dissenting opinions are prepared for each meeting and distributed in

four (4) days after the meeting for revision by each Board member. All relevant changes should be included into the minutes and final version distributed to all Board members. Minutes are approved at the following meeting by the Board and signed by the Chair and the Secretary of the meeting.

5.12. The Board appoints a Secretary of the meeting, who may be a staff member of the Institute.

6. NOMINATION COMMITTEE, BOARD COMMITTEES AND WORKING GROUPS AND OTHER ADVISORY BODIES OF THE BOARD

6.1. The Nomination Committee is a body elected by the General Meeting under the Statutes and is not a Board committee. The Board and its members cooperate fully with Nomination Committee and respect its independent role.

6.2. The Board may establish Board Committees, composed of Board members, and Working Groups, which may include Board and BICG members. Such Committees and Working Groups shall be accountable to the Board, shall be assigned specific areas of responsibility (e.g., the Policy Group), and shall each operate under terms and guidelines approved by the Board. Unless expressly delegated, decision-making authority remains with the Board.

6.3. The Board exercises its functions towards the Board Committees and Working Groups (appointment of members, approval of annual plans, receipt of reports) as set out in the Board Committee Charter and Group's Terms and Guidelines.

7. DUTIES OF INDIVIDUAL BOARD MEMBERS

7.1. Each Board member owes the Institute duties of care and loyalty, demonstrates the best practice of corporate governance and work of the boards, complies with the Code of Ethics and with the Conflict of

Interest Policy, and may not use their position for personal benefit or the benefit of any third party.

7.2. In addition, each Board member shall:

- devote sufficient time to the affairs of the Institute and maintain adequate knowledge of its activities and finances;
- exercise independent judgement and constructively challenge proposals where appropriate;
- keep non-public information confidential, also after the end of the mandate;
- support decisions duly taken by the Board, without prejudice to the right to have a dissent recorded;
- complete an induction on joining the Board and keep their governance and Board work knowledge up to date.

7.3. A Board member whose circumstances materially affect their ability to serve, their engagement or their independence is expected to inform the Chair and, where appropriate, offer to resign.

8. CONFLICTS OF INTEREST

8.1. Conflicts of interest are identified, disclosed, determined and managed in accordance with the Conflict of Interest Policy, including the annual disclosure statement, pre-election disclosure by Board candidates, recusal of the person concerned from deliberation and vote, the procedure for related party transactions, and the minuting requirements.

9. EVALUATION AND DEVELOPMENT

9.1. New Board members receive an onboarding covering the Institute's purpose, vision, mission, values, governing documents, strategy, finances, current priorities, etc.

9.2. The entire Board, led by the Chair, conducts an annual self-assessment of its functioning and translates the outcomes into improvement action plan implementation of which is monitored by the Chair; the results of the action plan are shared with the Nomination Committee.

9.3. The Nomination Committee evaluates the performance of the Board and each of its members in accordance with the Statutes.

10. REVIEW OF THIS CHARTER

10.1. The Board reviews this Charter at least every three (3) years, or earlier, in case changes in law, the Statutes or the Institute's circumstances so require, and adopts amendments as necessary.

Approved by the Board of BICG
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