



BALTIC
— INSTITUTE —
OF CORPORATE GOVERNANCE

**Baltic Institute
of Corporate Governance
Board composition and rotation
GUIDELINES**

In addition to the baseline principles for Board composition and rotation set out in the Statutes of the Baltic Institute of Corporate Governance (BICG), there nevertheless are further guidelines for the very best standard BICG strives for.

Both the Statutes and the guidelines are duly taken into account by the BICG Nomination Committee in deliberations over all Board member candidacies.

According to the Statutes, the Board of the BICG shall be a collegiate body of 9 members elected by the Annual General Meeting for a tenure of 3 years. The Board shall only consist of members of the Association. Out of the 9 members of the Board, at least one member must reside in Lithuania, Latvia and Estonia each, and represent the members' interests from that country. One third of the members of the Board shall step down every year, but can be re-elected. The number of terms of office of the Board members shall not be limited. If a new member of the Board is elected to replace any member for whatever reason, such new member is elected to serve for a 3 years tenure.

The additional guidelines, as approved by the Board of the BICG, can be referred to below.

Guidelines for Board composition

1. Understanding of corporate governance

Excellent understanding of corporate governance and strong interest in developing best corporate governance practices in the Baltics are crucial requirements for all BICG Board members, as BICG continues to be the flagbearer for the best corporate governance practices in the region. Proven Board experience is a desirable asset.

2. Geographic perspective

Equal country representation is encouraged as far as possible, with the aim of having 3 Board members from Estonia, Latvia and Lithuania each.

3. Industry diversity

As a group, Board members represent different industries in the Baltic economies, bringing valued insights into the state of play of corporate governance in the region.

4. Ownership diversity

As a group, Board members offer competence and professional experience in both private and public sectors - listed and privately held companies, multinationals working in global environment, enterprises with state and municipal ownership.

5. Diversity of competencies

As a group, Board members offer a set of different competencies for directing BICG operations, such as strategic, financial, advocacy and other necessary skills.

6. Gender balance

Gender balance is encouraged as far as possible.

Principles for Board members rotation

Main aspects that should be assessed by the Nomination Committee are as follows:

1. **Activity and level of engagement** of serving Board members in BICG operations.
2. **Actual tenure** of serving Board members, with the longest-serving members being the first in line to step down.
3. **Fostering Board composition guidelines.**

Approved by the BICG Board
March, 2017