

ACTIVITY REPORT 2022

PROJECTS

- 1. First ever guidelines for Baltic Boards outlining good practices for effectively engaging with environmental, social and governance (ESG) factors** in business were created by the BICG and professional services company EY. The new guidance was unveiled online in September, when the introductory event was attended by over 200 participants from across Europe. Full guidelines:
<https://www.bicg.eu/wp-content/uploads/2022/09/ESG-Guidelines-for-Baltic-Boards.pdf>.
- 2. Three more assessments of company governance practices using the Corporate Governance Assessment Tool developed by the BICG** were carried out throughout the year, with one private, one state- and one municipality-owned company chosen for participation. Such evaluations identify company strengths, weaknesses and allow to develop actionable plans for improvement, at the same time providing insight into corporate governance state of play in Baltic businesses. More information about the assessment tool:
<https://www.bicg.eu/governance/corporate-governance-assessment/>.
- 3. Latvian Corporate Governance Awards** were held for the second time in 2022, led by the Latvian Corporate Governance Advisory Board under the Ministry of Justice, where BICG is a member, with risk governance, Board diversity and stakeholder management chosen among categories for competition. By highlighting the companies applying the best practices, the awards aim to encourage others to learn from their example. More details (in Latvian): <https://ej.uz/cgalv>.

POLICY

- 4. Feedback regarding the initiative by the Latvian Prime Minister to reorganize the Cross-Sectoral Coordination Centre**, which is ensuring co-ordination of governance in Latvian SOEs, by incorporating it into State Chancellery were provided by the BICG to the Prime Minister's office in March, expressing concerns about good governance agenda potentially losing priority and the risk of decline in progress achieved in state-owned company (SOEs) governance since joining the Organisation for Economic Co-operation and Development (OECD). However, the reorganization went ahead and the Centre was incorporated into the Chancellery in 2023.
- 5. A set of suggestions for further improvements of corporate governance in Latvian SOEs**, including the introduction of shareholder expectations letter, were submitted by the BICG to the Cross-sectoral Coordination Centre, which was preparing the outline for potential further reforms, in April. Latvian Government approved the outline in September, giving the start for drafting the respective legislation, and we will continue to follow the process in 2023.
- 6. Comments to the OECD on governance development in Lithuanian SOEs** were provided in August, during the biannual assessment of Lithuanian progress after 4 years since the accession, noting such issues as the selection process for state representatives working on SOEs Boards remaining different from the one applicable to independent members; gaps in Board service when companies operate without their Boards for months, etc. Meetings with independent Board members of SOEs were arranged as well, to offer direct insight into practices at various companies. Full review by the OECD: <https://ej.uz/oecdlt2022>.

7. **Ownership guidelines for companies owned by Riga city**, drafted with the guidance of the BICG in 2020, were newly updated in September. Further strengthening of Board responsibilities and lesser involvement of the shareholder in such matters as strategy, budget, etc. were added, based on the suggestions by the Advisory Council, chaired by the BICG, to improve governance of Riga city MOEs. Guidelines (in Latvian):
<https://www.riga.lv/lv/media/30854/download?attachment>.
8. **A set of proposals for improving transparency and other aspects of nomination processes at SOEs in Latvia**, including the possibility for independent nomination committee members to have collective veto rights and the right to publicly comment on the selection process, was prepared by the BICG in September and later discussed in the **meeting with the Latvian Prime Minister**, aiming to kickstart the process of drafting the respective legislation in 2023. More details:
<https://www.bicg.eu/soes-governance-meeting-with-the-prime-minister-of-latvia/>.
9. **Comments opposing the proposal by the Government for finance and other ministers to be involved in approving donations by Latvian SOEs** were submitted to the Parliament in October, arguing against undue political intervention. With discussions in the Parliament set to continue in 2023, we will continue to follow the process.
10. **Planned update of G20/OECD Principles of Corporate Governance, Corporate Sustainable Due Diligence Directive, Corporate Social Responsibility Directive, EU Sustainability Reporting Standards** and other items were among the European policy issues discussed in the framework of the European Confederation of Directors' Associations (ecoDa) in 2022. More details:
<https://ecoda.eu/policy-updates/>.

White paper on innovation (link:

<https://ecoda.eu/wp-content/uploads/2019/08/20220906-ecoDa-TCGD-2.pdf>) and **guidance for how to unlock innovation and growth with emerging** technologies by Global Network of Director Institutes, where ecoDa is a member (link: https://ecoda.eu/wp-content/uploads/2019/08/GNDI_Digital_Transformation_Quick-Guide_June-2022.pdf), were among the publications as well.

EDUCATION

11. **Three sessions of Board member education** were held during the year, with **1000th graduate of the Board member education program** completing the course since it was first held in 2009. More details:
<https://www.bicg.eu/1000th-graduate-of-the-board-member-education-program/>.
12. **Good corporate governance program for civil servants**, who are directly involved in creating SOEs governance policies as well as those delegated to the Boards of SOEs, was organized in September in Lithuania, in co-operation with the Ministry of Economy and Innovation as well as the Governance Coordination Centre under the same ministry. Four-day, free-of-charge course, which was first introduced in 2019 and remains a unique initiative across Europe, was attended by 28 participants from 5 different ministries and 1 state company.
13. **Program for Corporate Secretaries**, first introduced in 2020 and organised every two years, was held in October in Riga and attended by over 40 participants from Latvia, Lithuania and Estonia. Program aims to emphasise the role of a corporate secretary not only as an assistant but also advisor to the Board and advocate for good corporate governance in the company, which most often remains unrealised in most organisations in the Baltics yet. Pictures:
<https://ej.uz/cosec2022>.
14. **Program for European Director Diploma** organized by ecoDa was extensively updated and expanded with the participation of the BICG, as a member of ecoDa Education Committee. Open to the graduates of the BICG, the course is introduced here:
<https://ecoda.eu/european-board-diploma/>.

EVENTS

15. **Member meetings in Estonia** were held throughout the year, to discuss priorities of the BICG operations in Estonia, including the need to initiate a renewal of the current Estonian corporate governance recommendations, which have not been updated since 2005. Picture: <https://ej.uz/2022ee>.
16. **Non-formal independent Board members club** for independent Board members working in Lithuanian SOEs and MOEs as well as **non-formal Board members club** in Latvia continued their quarterly meetings, focusing on such topics as onboarding, strategic approach to diversity, Board member liability, etc.
17. **Two experience-sharing seminars about preparing sustainability and corporate governance reports in line with the new Latvian corporate governance code and recent legislation**, which was adopted earlier based on the proposal by the BICG and the Ministry of Justice, were organized in March for representatives of the largest Latvian SOEs and MOEs, together with the Ministry of Justice and Cross-Sectoral Coordination Centre, attracting over 200 participants.
18. **Annual General Meeting (AGM) & Governance Conference 2022** were held in April in Vilnius, welcoming all members and guests back after a two-year pandemic break when both events were held remotely. In light of many recent disruptive events, the conference focused on 'Black Swans in the Boardroom' and on how to adapt to the new realities with both foresight and agility. Highlights of the AGM: <https://www.bicg.eu/decisions-of-the-annual-general-meeting-2022/>. Full conference: <https://www.bicg.eu/black-swans-in-the-boardroom/>.
19. **Discussions 'How can Boards make qualitative decisions for company growth' and 'Is it enough to take care of the environment for sustainability?'** were organized online by the Latvian Corporate Governance Advisory Board under the Ministry of Justice, where BICG is a member, in April and November. BICG shared insight into how a balanced and diverse Board can contribute to improved results of a company (recording, in Latvian: <https://ej.uz/eventlcgac2022>) and joined the panel on how to promote socially responsible company behavior (recording, in Latvian: <https://www.youtube.com/watch?v=HBGoyoDVljk>).
20. **Masterclass in strategy for high-performing Board members** by Katarina Bonde, professional Board member working in Sweden and USA, was held in Riga in June, as a highly-practical, one-day course to explore advanced aspects of an effective Board membership and as the next step for those who have already completed the BICG Board member education program. Pictures: <https://ej.uz/masterclassbicg2022>.
21. **Third annual forum dedicated to corporate governance of MOEs controlled by Riga city** was held in August, with BICG as one of the organizers. Aiming to provide a place for discussion to the Board members and management of MOEs, the forum focused on sustainability, with BICG introducing eight steps for embedding ESG aspects in a company business model and strategy. Recording (in Latvian): https://www.facebook.com/watch/live/?ref=watch_permalink&v=612824736946856.
22. **Breakfast of Latvian members** to discuss ongoing and future activities of the BICG, including a review of the overall corporate governance developments in Latvia, was held in August and joined by over 40 participants.
23. **Webinar about Board expectations for internal auditors** was organised together with the Institute of Internal Auditors Lithuania in October and joined by over 100 participants.
24. **Conference for the 20th anniversary of the Latvian Commercial Law** was organized in October in Riga, together with the Ministry of Justice, Latvian University, Supreme Court and Latvian Corporate Governance Board, including a discussion about BICG proposal to strengthen the role of Supervisory Boards. Recording (in Latvian): <https://www.tm.gov.lv/lv/KL20>.

25. **European Corporate Governance Conference 2022** in Prague (link: <https://ej.uz/2022egc>); **Novatore Impact Summit focused on women's leadership in business** in Riga (link: <https://ej.uz/novatorebicg>), **annual conference for small and medium businesses Gazelė** in Vilnius (<https://ej.uz/gazelebicg>) and **discussion about the potential for Latvian and Estonian co-operation** in Tallinn (more: <https://ej.uz/eelv2022>) were among the events we have joined as moderators and speakers, to discuss the upcoming update of G20/OECD Principles of Corporate Governance, importance of Board diversity, steps for creating an effective Board, etc.
26. **Webinars on corporate reporting, innovation, etc.** were held in the framework of ecoDa, with members of BICG invited both as attendees and speakers. To follow more events at ecoDa, see: <https://ecoda.eu/event/>.

COMMUNITY

27. **A call on all Baltic and other European Board members to question their mandates in Russian and Belarusian companies** was published by the BICG in March, together with ecoDa, in light of the ongoing war in Ukraine. More here: <https://www.bicg.eu/board-members-should-question-their-mandates-in-russian-and-belarusian-companies/>.
28. **New Chair was elected by the Board of the BICG** in December, with Kārlis Danēvičs, a Management Board member of SEB in Latvia, taking over from Lina Kapčinskienė, Managing Director and Chair of the Management Board at Baltic Agro Machinery. More here: <https://www.bicg.eu/new-chair-of-the-board-elected/>.
29. **BICG community continued to grow and become increasingly diverse**, as we welcomed new individual and corporate members, with the total numbers growing from 256 to 278 and from 57 to 66, respectively.