

## BoD Duties Checklist

### Management of the company

- Set a corporate strategy in accordance with the vision and mission of the company, its statutes, if possible, set the strategy that is aligned with the owner's strategy.
- Analyze strengths, weaknesses, opportunities and threats that concern the company (SWOT Analysis) keeping in mind company's strategy.
- Select the means and the resources that are needed to implement the corporate strategy, adhering to the specifications set out in a business plan.
- Issue instructions to the management in order implement the business strategy and execute the business plan.
- Ensure that every undertaken business activity is in line with and comply with the legal, regulatory and statutory provisions (compliance).
- Determine personnel policies including policies for dealing with unions and undertake measures that prevent discrimination and sexual harassment.
- Obtain all necessary regulatory approvals needed to undertake and pursue business activities.
- Develop a Risk Management Policy ensuring that there is a systematic collection and analysis of all relevant risks and set up preventative measures.
- In case of subsidiaries, set requirements concerning the management of the group, in particular make permissible references to the group structure (group liabilities).
- Develop an Intellectual Property Strategy, ensuring that all relevant intellectual property is protected, specifying in which form and in which countries the IP is protected.
- Set up Communications Strategy that covers both internal and external communication, and if possible include regulations on social media and include monitoring measures.
- Specify the Principles of Contract Management including provisions on prevention of excessive risk-taking through guarantees and penalties.

- Make decisions upon conclusion of the important agreements such as exclusive distribution, agency agreements, licensing agreements or construction law contracts.
- Ensure the necessary protection of all intellectual property, in particular, company name, domain names, brand names, trademarks, designs and patents held by the company.
- Hold meetings of the board in accordance with the management calendar in order to lead and control the company and, if there are deviations from the set goals, intervene.
- At least once per year critically discuss an up-to-date Master Risks List that should include large risks and planned measures to minimize these.
- Review, at least once per year, the company's insurance situation and ensure that the insurance coverage is complete and appropriate.

### **Company organization**

- Decide upon composition of a Board and appoint a chairperson, a vice chairperson and a board secretary.
- Establish a remuneration policy that sets compensation for duties and responsibilities carried out by members of the board and includes provisions for compensation for additional functions performed by members and other expenses.
- Delegate the executive management functions to a member of the board and create a corresponding job description.
- Approve the organizational structure of the company and develop a corresponding organizational chart.
- Appoint a chief (risk) security officer and determine his/her tasks and responsibilities in the job description.
- Establish Organizational Regulations that clarify tasks, competences and responsibilities within the company.
- Determine the functional diagram delineating organizational and operational level responsibilities within the company.
- Adopt all necessary regulations and directives that ensure that company's operations are carried out in accordance with a business plan.

- Decide upon the required management tools (MIS concept) that enable adequate and timely provision of information to the board of directors.
- Determine who has the Authority to Sign and, if necessary, develop an internal Signing Authority Directive.
- Set up an Employee Compensation Policy and include provisions that enable annual review should revisions be necessary.
- Ensure that the entries in the commercial register are complete and accurate.
- In case of registered shares, update and control share register clarifying which shares have been physically issued.
- In case of registered shares, as required, approve the transfer of shares taking into account any statutory restrictions on transferability.
- Ensure that minutes of the board meetings are complete and accurate and that originals of minutes are kept for up to 10 years.

### **Financial management of the company**

- Issue directives to the used accounting principles, including the design of the financial statements.
- Carry out a periodic revision of the long-term financial plans in accordance with the business plan.
- Set the budget on an annual basis, including the investment budget, which can be used as a basis for planning or to check for deviations from planned targets.
- Set up a cash pooling system in the group and make necessary safeguards for the subsidiaries in a Cash Pool Regulations.
- Develop Investment Regulations in order to ensure the risk-conscious and sustainable investment of assets, especially in cases of excess liquidity
- Determine the financial institutions with which the company works, such as banks and leasing companies.
- Decide upon the approved pension scheme (pension fund) and ensure that provisions cover all company employees.

- Monitor that the debt-to-equity ratio or the ratio between equity capital and borrowings (loan capital) is adequate (self-financing).
- Review current liquidity and future liquidity requirements on the monthly basis (12- month rolling liquidity plan).
- Ensure that financial statements include all necessary provisions for taxes, bad debts, litigations and warranties.
- The adoption of the annual financial statements with full disclosure of contingent liabilities for the Annual General Meeting.
- Permanent monitoring and ensuring that all are national insurance and tax properly payable if booked and paid.
- Ensure lawful and independent audit of the annual financial statements, including consolidated financial statements, unless a legal opt-out is selected.
- Request that auditors specifically review areas which were not checked in the previous year (Audit Plan).
- Monitor any possible loans, even if they were approved by the Board.

### **Appointment, monitoring and dismissal of management**

- Recruit, select and appoint members of management in accordance with the organizational chart.
- Determine the compensation of the executive management including expenses and profit sharing regulations.
- Decide upon conclusion, modification and termination of labor contracts including job descriptions of the executive management.
- Set annual goals for the executive management including requirements for personal and professional development / training.
- Carry out assessment of all members of the executive management against established criteria on the annual basis and set up improvement measures.
- Take necessary measures in case of irregularities or offenses by the management (special audit or complaint).

- Ensure that the company engages in a succession planning of management including arrangement of deputies in case of last minute changes or losses.
- Monitor labor disputes and ensure that unnecessary litigation is avoided.

### **Preparation of the business reports and the AGM**

- Hold editorial responsibility for the formulation of the annual report, consisting of financial statements, annual report and consolidated financial statements.
- Decide whether to publish an annual report, in particular, on the Internet or on how to distribute printed copies.
- Provide information on risk assessment in the notes to the financial statements, in particular, the organization of risk management and risk policy.
- Set the date and place of the General Assembly and notify shareholders or other special invitees.
- Prepare financial statements, such as the balance sheet, income statement and include notes in the profit distribution statement.
- Determine the agenda and include the proposals of the Board and proposals of shareholders
- Review the independence of the auditors and ensure the fees paid to the auditor are done in accordance with the Election of the Auditor Proposal
- Ensure that invitations, along with all the related documents, are sent out no later than the 20 day statutory requirement or even earlier.
- Invite auditors and group auditors as well as a notary public in case of changes to the statutes or company liquidation.
- Provide the documents, which must be available by law for inspection at the companies' registered offices (at least an annual report and an audit report).

### **Implementation and enforcement of its resolutions of AGM**

- Participate in the AGM, be able to act as the chair, and comply with the obligation to provide information to shareholders.

- Guarantee that only authorized persons have access to the AGM in case of objections from shareholders.
- Ensure that votes are correctly counted and that there are provisions for a secret ballot voting.
- Maintain complete and correct minutes of the General Meeting and ensure that originals of minutes are kept for up to 10 years.

### **Appeals and court notifications**

- Challenge the decisions of GM when these contradict legal, regulatory or statutory requirements.
- Request an interim audit to be carried out in case of a legitimate concern over-indebtedness.
- Convene a GM, if over-indebtedness is imminent or is determined and request remedial measures to be undertaken.
- Notify the court in case of failed remedial measures or over-indebtedness and provide respective balance sheets.