

NOMINEE DIRECTORS



European Bank
for Reconstruction and Development

The importance of diversity at board level





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The EBRD recognises the importance of diversity in every part of its operations, especially in the EBRD Nominee Director Board Practice.

The EBRD believes boards should consider their organisations holistically, including stakeholders, customers, shareholders, communities and society when making important decisions. We believe these perspectives should also be reflected in the composition of the boards themselves.

When a supervisory board or board of directors is proactive and engaged in ensuring the diversity of its members, it is essentially focusing on how to become more effective. This is because it is taking the time to understand the dynamics of boardroom composition, as well as the needs and requirements of the organisation. It shows awareness and a commitment to optimising the function of the board through good governance for the benefit of its long-term development, growth and sustainability.

Populating a supervisory board or board of directors with members of the right calibre is of paramount importance, as they hold the management team to account on strategy and dictate the culture of the organisation. When evaluating a board, expert analysis is required to identify any potential gaps in knowledge or perspective. Diversity is not only an issue of gender or ethnicity, but based on a range of factors, from background to education and life experience, all of which contribute to an individual's perspective and diversity of thought.

Where there is significant diversity in board composition, the chemistry of boardroom relationships will be conducive to synergic boardroom dynamics. This enhanced balance

of "EQ and IQ" (emotional intelligence and intellect) will ultimately lead to more creative, effective and productive collaboration, giving the board better perspective on strategic, commercial and operational matters.

When a supervisory board or board of directors is diverse, it tends to have higher governance standards. It is able to engage in superior dialogue, improve decision-making and subsequently hold more productive board and committee meetings. Furthermore, the more diversity there is on a board, the more independence there is and the better the governance standards.

Various studies and real market analysis highlight the benefits of diversity at board level, underscoring the positive correlation between diversity and the future financial performance of an organisation.

Boards that are more diverse, therefore, achieve stronger results in terms of governance and decision-making, positively impacting their operations and strengthening their financial returns.

▶ The importance of diversity among EBRD Nominee Directors

We recognise the importance of diversity and equality and aim to ensure that Nominee Directors come from as wide an array of backgrounds as possible. We also appreciate that equality is not only an issue of gender or ethnicity, but a range of factors, from family background to education and life experience. Consequently, we seek to include and appoint Nominee Directors from various backgrounds, in as many senses as possible, who can contribute to significant diversity of thought.





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➤ The EBRD Nominee Director Board Practice

As part of our investment strategy and development mandate, we negotiate board seats and are able to nominate non-executive directors to supervisory boards or boards of directors.

EBRD Nominee Directors are expected to make a real contribution to the supervisory board or board of directors in question and add value by offering wise counsel and advice, based on their own experience and track record of achievement. We appoint independent non-executive directors who have expert industry knowledge and are able to promote best-in-class corporate governance practices. This is to ensure that we realise the value in our investee companies' operations and create shareholder value consistent with the Bank's development mandate.

EBRD Nominee Directors are expected to act as independent non-executive directors, exercising objective and independent judgement in the best interests of the company. Our goal is to encourage our investment companies to adopt the Bank's approach to maintaining the highest environmental, social and corporate governance (ESG) standards.

Nominee Directors must commit sufficient time and attention to their board duties and responsibilities and act on a fully informed basis, sincerely and honestly, with due care and in the best interests of their respective companies and their shareholders.

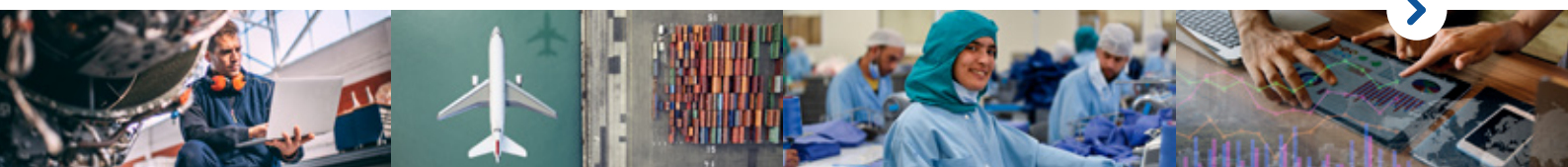
As many opportunities lie on the boards of small to medium-sized, non-listed, and locally owned and managed companies, appointed independent non-executive Nominee Directors are expected to be prepared to use their accumulated experience and general commercial acumen to coach or mentor management teams in the process of "adding value" to and "realising value" for the investee company.

The main objectives and guiding principles of such an assignment are, among others, to act in and to promote the best interests of the investee company on whose board they hold a position. This is likely to involve the following requirements.

- Provide strategic and commercial guidance by reviewing and providing input to the investee company's strategy, operating policies and annual budgets. In many cases,

at the initial stages of their assignment, Nominee Directors are expected to facilitate the investee company's strategic planning processes based on best international practices.

- Provide guidance and assistance to the management of the investee company in improving business performance and financial control of their companies, with a view to maximising returns for shareholders.
- Support and advise the management of the investee company on recruiting, remunerating and incentivising key management/employees.
- Scrutinise the financial statements of the investee company, identifying potential early warning signals concerning financial performance and other areas of concern that need to be addressed by the investee company and the EBRD. Deal with any issues that arise in close cooperation with the EBRD, subject to confidentiality constraints.
- Participate in the approval process by voting on proposals based on their professional judgement, in the best interests of the investee company and taking into account the provisions of any shareholders' agreements.
- Introduce and promote observance of international best practice in corporate governance.
- Subject to confidentiality constraints, report to the EBRD on all board meetings, commenting where appropriate on issues that may be relevant to the EBRD in its role as a multilateral agency and investor.
- Liaise with the EBRD on any issue that may require the Bank to take action to accomplish its investment objectives and manage its investment.
- Undertake an "oversight" responsibility in respect of the integrity of financial statements, risk management and internal control arrangements, compliance with legal and regulatory requirements, the performance, qualifications and independence of external auditors and the performance of the internal audit function.
- Identify and utilise, and/or assist the investee company and the EBRD in identifying and utilising, exit opportunities.





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➤ **Desired credentials of an EBRD Nominee Director**

Board compositions and contexts will differ from company to company, but the typical credentials we look for in EBRD Nominee Directors are as follows:

- previous board experience and/or a proven track record as a senior executive
- willingness to engage with and travel to the economies where the EBRD and its investee companies operate
- financial literacy: the ability to make informed decisions based on financial reports and metrics
- a thorough understanding and awareness of corporate governance issues
- knowledge of ESG matters, including green finance, the United Nations Sustainable Development Goals and the Paris Agreement
- strong interpersonal skills and an ability to handle complex board dynamics and relationships
- an ability to help improve board discussions, strategies, processes and decision-making
- regional expertise in developing economies, with specific geographical knowledge of and experience in the EBRD regions
- fluency in English and a second language (Arabic, French or Russian, for example)
- specific industry/sector knowledge (agribusiness, energy, financial institutions, manufacturing and services, municipal and environmental infrastructure, natural resources, property and tourism, telecommunications, media and technology, and transport) and an understanding of the impact of new technologies
- expertise in handling material corporate changes (mergers and acquisitions, restructuring, IPOs and so on)
- strong awareness of, alignment with and promotion of the EBRD's mandate and values.

➤ **For more information, contact:**

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Please note: The CVs/resumes of prospective candidates for Nominee Director Board Practice positions who meet the EBRD's general requirements may be retained for potential future positions. The EBRD reserves the right to conduct pre-integrity due diligence checks on CVs/resumes received. Inclusion in the Board Practice does not guarantee selection for any Nominee Director assignments.

