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CORPORATE GOVERNANCE OF SOEs IN SLOVENIA

CHALLENGES THAT LED TO CHANGES

Inefficient governance of SOEs

- Organizational difficulties
- Lack of transparency
- Unusual board and management selection and composition
- Lack of responsibility

Role of KAD and SOD

- Political interests determine investment structure
- Political influence in shareholder decisions
- Open declaration of “indirect state ownership” in government documents

OECD DEMANDS

- Corporate governance got the worst grades within OECD documents
- Deemed to be so bad it needs changing before admittance of Slovenia
- Specific demands to change the role and operation of KAD and SOD
- Slovenia obliged itself to implement changes by April 2010.

ACTS

- **Policy of Slovenian government (June 2009)**
- **The Law on governance of state equity investments**
- **The law on reorganization of KAD SOD**
- **Documents of the new Agency**

The Law on governance of state equity investments

- **Implementation of OECD recommendations**
- **Organizational changes**
- **Agency for state equity investment governance (composition, tasks, independence)**
- **Role of government and parliament**
- **Transparency changes**
- **Changes of corporate structure of sui generis companies including**

KAD and SOD.

DOCUMENTS OF THE AGENCY

- **Binding for the Agency and a recommendation for the companies**
- **Compliant with OECD and other best practice codes**
- **Managed to improve some key aspects of SOE governance (such as selection and remuneration of board members)**

Challenges

- **Mistakes of the agency**
- **Politicians not able to formulate a strategy**
- **Second thoughts on SOE governance**