



ZDRUŽENJE NADZORNIKOV
SLOVENIJE

za učinkovito korporativno
upravljanje

Corporate Governance in Slovenia - Recent Developments

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Slovenia - State of Play

- ✓ two tier system with worker codetermination - since 2009 adopted one tier system - very few companies
- ✓ small and inefficient capital market with large shareholder concentration - 80 listed companies, shareholdings of first 3 largest shareholders was 61 % in 2009
- ✓ large shareholdings of State –102 companies governed by Capital Assets Management Agency of the Republic of Slovenia
- ✓ up to date on company law and different recommendations of CG - successfully transmitted from EU and OECD - an overregulation



Latest Soft-law on CG

- ✓ Corporate Governance Code for listed companies
(last update in 2009)
- ✓ Audit Committee Recommendations (2009)
- ✓ Manual for Board Evaluation (2011)
- ✓ Reporting Recommendations – What should Supervisory Board ask from management?(2011)



SOE Corporate Governance (2011)

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Capital Assets Management Agency of the Republic of Slovenia:

- ✓ SOE Corporate Governance Code
- ✓ SOE Reporting Recommendations
- ✓ SOE Remuneration Recommendations for supervisory board members
- ✓ Criteria for nomination and selection of Supervisory Board members in SOE



Nomination & Selection

Management:

- ✓ limited market
- ✓ lack of succession planning
- ✓ 17,1 % of women
- ✓ lack of internationalization
- ✓ SOE – political issue and lack of transparency

Supervisory Board:

- ✓ opened public tender (SOE)
- ✓ board composition
- ✓ 17 % are women
- ✓ lack of internationalization
- ✓ independence



Remuneration

Management:

- ✓ average 158.512 EUR (2009);
- ✓ 4,5 % of variable pay (2009);
- ✓ overregulation - company act regulation (2009);
- ✓ management remuneration legislation (2010) for SOEs (3 to 5 times ratio on average salary of employees);
- ✓ net ratio in 2009 was 1: 5,4.

Supervisory Board:

- ✓ average 9.346 EUR (2009);
- ✓ political agenda from last elections;
- ✓ State Agency - improvement this year in the right structure and back to average remuneration from 2007;
- ✓ ratio Management vs. SB member in 2009 was 1:51.



Conclusion

- ✓ inefficiency of the judiciary and absence of law suits
- ✓ respect of good corporate governance practices is only possible if sanctioning of the legislation violation exists
- ✓ pressure on civil society to do something that state is unable to sort out properly
- ✓ D&O liability is not well understood
- ✓ lots of challenges in implementation and change of culture
- education, Board evaluations, political professionalism