



ecoDa wants directors in state-owned enterprises to be appointed on merit alone

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Appointments of board members of state-owned enterprises (SOEs) must always be based on merits. This is the main message from ecoDa to OECD as the international organization for Economic Co-operation and Development reviews its SOE guidelines.

“The appointment of oversight bodies in state-owned enterprises remains a subject of concern in all European countries, both at the national and local level. The State is often criticized for trying to micro-manage the company on the one hand and on the other hand for not being sufficiently vigilant as shareholder. Improvements will not happen without a transparent appointment process of trained and independent board members”, stated Rytis Ambrazevičius, chair of ecoDa.

The overall objective of the OECD review is to strengthen the Guidelines to ensure that SOEs contribute to sustainability, economic security and resilience, by maintaining a global level playing field and high standards of integrity and business conduct.

To meet the OECD objectives, the ecoDa recommendations include: 1- The process of nominating board members (including the Nomination Committees) should be safeguarded from undue political influence; 2- Independence criteria should be clearly defined; 3- National laws/regulations should include guidance on when an Independent Non-Executive (iNED) can be dismissed; 4- The right for minority shareholders to nominate candidates should be reaffirmed.

It is necessary to ensure that the fundamental principles of good Corporate Governance are applied in order for the intervention of the State to be justified and in order to avoid any risk of political interference.

“ecoDa perceives the Guidelines to be a very important document for improving corporate governance of state-owned enterprises in all OECD countries. In fact, we believe that they should apply equally to municipally-owned and regionally-owned entities. The ecoDa working group, comprised of members from different nations, concludes that undue political interference at SOEs is a serious threat in all European countries and hence effective safeguarding measures are of vital importance. Monitoring the implementation of these Guidelines is necessary and the OECD should consider taking specific actions in this respect”, concluded Filip Gorczyca, Chair of ecoDa’s Working Group on SOEs.

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Notes to editors

About the European Confederation of Directors Associations (ecoDa)

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its 21 national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organizations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.