TRANSPARENCY SERBIA

PUBLIC ENTERPRISES - A SYMBOL OF ABUSES AND VIOLATIONS OF THE LAW

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Public Enterprises - A Symbol of Abuses and Violations of the Law

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TRANSPARENCY SERBIA

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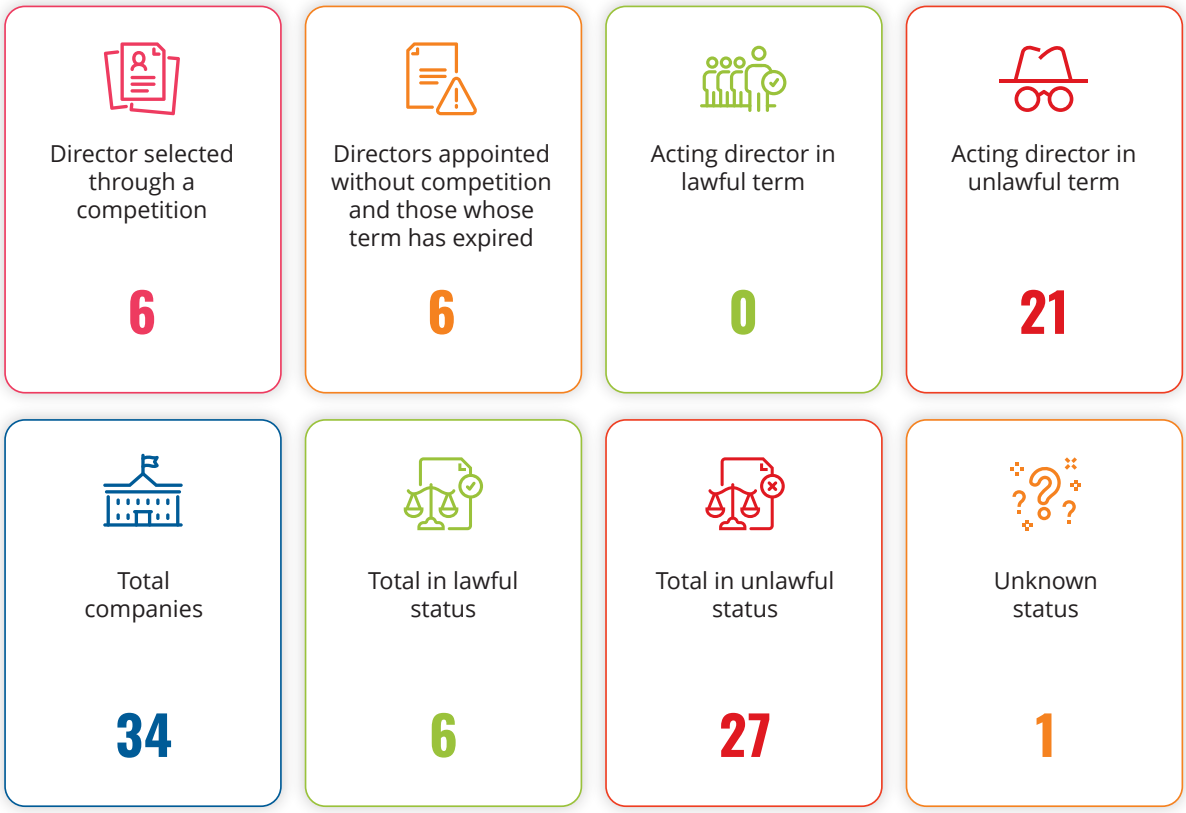
UNLAWFUL DIRECTORS

The Law on Public Enterprises, adopted in 2012, as well as the one that followed in 2016, provide for the selection of directors through public competitions. Twelve years later, more than half of the state-owned enterprises to which the Law applies have not had a competitively elected director at their helm for a single day.

Of **the 34 state-owned companies** , whether they are legally organized as public companies, limited liability companies or joint-stock companies, which would have to elect a director in a public competition, 20 of them have not had a director elected in accordance with the Law for a single day since 2012. Among them are Srbijagas, Post of Serbia, Srbijašume, Nuclear facilities of Serbia.

Currently, six out of 34 companies have a legitimate director at their head, chosen in a public competition. Another six formally have directors, but their terms of office to which they were appointed after a public competition have expired, or they were appointed without a public competition, some even before the implementation of the Law on Public Enterprises, and some in the meantime.

Namely, one company (Metohija d.o.o.), although it is on the list of the Ministry of Economy among those to which the Law applies for the election of directors, its articles of association stipulate that the director is elected by the assembly of the company, without the obligation to conduct a public competition.



Of the remaining 22, for one (JP National Park Šar planina) it is not possible to determine with certainty who is at the head of the company and in what status - neither the company nor the Ministry of Economy respond to requests for access to information of public importance regarding the status of the director.

Finally, 21 state-owned enterprises are headed by acting directors and all of them are in unlawful status. 16 of them have been in the acting status for longer than 12 months, which is the maximum duration prescribed by the Law (Article 52, paragraph 2. Law: The period of performance of the position of acting director cannot be longer than one year), and in five cases before the current acting director, there was (or were more than) also an acting director, and the total duration of such a situation (significantly) exceeds 12 months.

21

Acting director in unlawful term...

16

...including acting directors whose term of office has expired (longer than 12 months)

5

... including acting directors who were preceded by others also serving in an acting capacity, totaling more than 12 months.

In this last case, which is also common when it comes to local public enterprises[1], the founders interpreted the law flexibly - that *one person* cannot be in acting status for longer than 12 months (and cannot be appointed twice, which is prescribed by paragraph 3 of Article 52), but that every 12 months different acting officials can be replaced. This interpretation is contrary to the spirit of the law, which allows the current situation only as a temporary one, "until the director of the public company is appointed according to the conducted public competition". .

TS pointed out this inaccuracy during the drafting of the Law in 2016, and the recommendation to clarify this provision is repeated in this document as well. Based on Article 42 of the Uniform Methodological Rules for the Drafting of Regulations, which were established by the Legislative Committee of the National Assembly in 2010, "expressions in the regulation are used in the singular, unless the nature of the matter requires otherwise."[2] Therefore, in the case of this norm, it is only justified to interpret that the legislator wanted to limit the duration of the "acting state", regardless of the number of consecutive incumbents. At the head of the state-owned company in March 2025, there were 12 acting officials who have been in that status (the last appointed individual, no longer acting director collectively) from one to five years, two who were appointed more than five and less than ten years ago, and two who have been in that position, in that status, for more than a decade.

The aforementioned flexible interpretation is not the only violation of the Law. As it was said, of the six directors who were appointed without a competition or whose term of office has expired, a few of them have been in that position since before 2012, due to another "flexible" interpretation at the time - that there is no obligation to call for a competition before the termo of office of directors who were appointed before the adoption of the law expires. Such an interpretation was completely inconsistent with the transitional provisions, but some of the directors have remained in those positions to this day, even without being converted into acting status.

There are currently announced and unfinished competitions for directorships in 19 companies. In one case, the competition from 2013 was not completed, and in seven cases, after the competition from 2013, which was not completed, a new one was announced in 2017, which was also not completed. In another 11 companies, the competition from 2017 has not been completed, before which in five cases an unfinished competition from 2015 or 2016 was preceded, and in one case, this one from 2017 was "superseded" by a new competition from 2021, which has not yet been completed.

The average profile of state-owned enterprises to which the Law on Public Enterprises applies, at least in the part that prescribes the mandatory election of directors in a public competition, looks like this:

- a competition for the selection of directors was announced twice, one competition was not completed
- since December 2012, the head of the company was:
- an acting director for six years and 11 months
- a director appointed without competition for three years and two months
- a director elected in a competition for 2 years and three months

1 The research "Improving Professional Management in Local Public Enterprises" carried out by TS with the support of the German Embassy in Belgrade showed, on a sample of 61 local public enterprises from 25 cities and municipalities, that 24 of them have a director selected in a competition, 15 an acting director whose 12-month maximum term has not expired (it was not analyzed whether there was another acting director previously in that position), 19 have an illegal acting director, and for 3 it was not possible to establish the director's status.

2 http://www.parlament.gov.rs/upload/documents/Jedinstvena%20metodoloska%20pravila%20za%20izradu%20propisa.pdf

This state of affairs in state-owned companies regarding the position, i.e. appointment, of directors is only part of the bad picture, which also includes the expertise of directors and members of supervisory boards, i.e. fulfilling the legal requirements for their appointment to these positions, transparency, i.e. fulfilling the obligations prescribed by law in connection with the publication of data, misuse of resources for party purposes and employment of party personnel.

TS also pointed out this in the Social Integrity Study - NIS, where it is stated that the management of state-owned enterprises depends on the influence of power centers connected to political parties that helped appoint the management, which most often does not have enough professional capacity or freedom to make decisions on its own.

Politicians in high positions do not refrain from presenting in public that the division over the management of state-owned enterprises represents party spoils. The selection of candidates is not transparent, as there is a hidden selection process that precedes any formally announced competition.

The politicization of the work of state-owned enterprises has led to the fact that financial losses in business are often accompanied by an increase in the number of employees and their salaries, the financing of various projects that have nothing to do with the company's work, the inclusion of political interests in decision-making, the taking over of ownership of failed companies, the granting of sponsorships that have a political background and the conclusion of harmful contracts that are probably the product of corrupt actions.

The Law on Public Enterprises foresees relatively high standards of transparency. In practice, however, these standards are not respected - documents and information provided by the Law are not published on the websites of state enterprises. State-owned enterprises often violate other legally prescribed obligations (public procurement, accounting). There is no central government body that publishes information about state-owned enterprises or the government's strategic policy regarding them. The work practice of supervisory boards shows that the system of responsibility, which is prescribed by the legal framework, does not function fully.

As a solution to the non-implementation of one law, the Government of Serbia offered to adopt a new law. The strategy of state ownership and management of economic entities owned by the Republic of Serbia from 2021 envisaged the transformation of state-owned enterprises (at the national level) into joint stock companies or limited liability companies. The strategy defined the role of the Ministry of Economy as a centralized entity owning state enterprises. Before the adoption of this strategy, there was no state institution that exercised the three main powers of ownership in terms of control, responsibility and management ability.

In order to implement this, in August 2023, the Law on the Management of Business Entities Owned by the Republic of Serbia was adopted. On the basis of this law, PEs at the national level should be transformed into the mentioned legal forms by 2027 - joint-stock companies or limited liability companies and the Law on Companies will be applied to them in terms of organization and election of management bodies.

However, even before the adoption of this Law, JP Elektrodistribucija - EPS changed its status (on April 4, 2023) based on the decision of the Supervisory Board, by changing the Statute and the Founding Act, which led to the election of a new Supervisory Board elected by the sole member of the Shareholders' Assembly - the Minister of Mining and Energy. There is no publicly available information on the reasons and procedure for the selection of those members, nor information on whether more than one candidate was considered.

When Directors Are Not Public Officials - Authentic Interpretation

When the transformation of a public enterprise is carried out, in accordance with the Law on the Management of State-Owned Enterprises, the situation will further worsen due to the authentic interpretation of the definition of the term public official, from the Law on Prevention of Corruption, which was adopted in 2021.

With this authentic interpretation, representatives of the state of Serbia in shareholders' assemblies, presidents and members of supervisory boards, directors and acting directors are exempt from the obligation to submit reports on assets and income and the obligation to report potential conflicts of interest.

Otherwise, according to the original proposal of the authentic interpretation (which was magically "specified" before adoption), the persons appointed by the President, the High Council of the Judiciary or the minister

himself were exempted from the definition. Under public pressure, this was somewhat changed, and in the end it was "interpreted" that the term "public official" in the Law on Prevention of Corruption refers to any person directly elected by the citizens, a person appointed or appointed by the Parliament of Serbia or Vojvodina, the Government of Serbia and local self-government bodies, but also the President, the High Council of the Judiciary, the State Council of Prosecutors and the Supreme Court of Cassation.

Managers of (future) transformed companies remained outside the scope of the Law, which was not recognized at that time because the Law on the Management of Companies Owned by Serbia was yet to be adopted. Even then, however, it was certain that managers of "dependent" companies, that is, companies that establish state-owned companies, would be left out. Even the current legal definition (from 2019) did not include them. Even earlier in 2013, the Assembly intervened with an authentic interpretation on the former Law on the Anti-corruption Agency, "ruling" that the managers of subsidiary companies are not officials. An essential question remained unanswered - why the Assembly "cemented" the unsatisfactory situation with its decision instead of changing it. Namely, the procedure in which the authentic interpretation is adopted is almost equal to the procedure for amending the law, so this deficiency could have been simply removed, at the suggestion of a member of parliament from any party. Bearing in mind that numerous subsidiary companies (for example, EPS alone has 13 of them) dispose of very valuable public assets, it is unjustified that control mechanisms from the anti-corruption law are not applied to their officials.

Three years ago, Transparency Serbia submitted an initiative to the Constitutional Court to examine the constitutionality of the provisions of the Law on the National Assembly and the parliamentary rules of procedure, which allow unfounded authentic interpretations, but the Constitutional Court has not yet ruled on it.

Law on the Management of State Enterprises and New Corruption Risks

When the Proposal for the Law on the Management of Companies Owned by Serbia appeared, this new corruption risk was also recognized - that the directors of the largest state-owned companies will not have the obligations, restrictions or control envisaged for public officials by the Law on Prevention of Corruption.

The law also brought other problems - it does not set limits on advertising of transformed companies - it opens the door wide to making unnecessary expenses, buying media influence and achieving other hidden goals that are not related to the role of state-owned companies.

Transparency Serbia then called on the competent parliamentary committees and deputies to, if the Government does not withdraw the disputed bill, formulate amendments that would ensure that the level of protection against corruption in economic entities to which the Law on Public Enterprises is currently applied, at least not be at a lower level than the existing one.

TS also proposed prescribing **additional measures** that would reduce the possibility of abuse of state-owned enterprises for the purpose of political promotion or would facilitate the detection of such abuses. Among them is a proposal to provide public information on the use of certain resources of public companies during the election campaign (vehicles, means of communication), so that it can be monitored whether they are used to an increased extent precisely during the campaign period, to limit employment during the campaign period and immediately after the election, as well as the performance of unplanned works through which voters' favor is obtained.

The new law did not bring any guarantees that the problem with permanent incumbents at the head of the company, i.e. acting directors who were appointed outside of the competition, will be solved.

During the public discussion, the representatives of the proponents promised that before the start of the implementation of the Law, the Law on Prevention of Corruption will be amended, that is, the definition of officials will be changed, in order to include management in transformed state enterprises. That still hasn't happened.

Changing the Definition of Official

In the following years, neither the Government nor the Assembly did anything to change this situation, but the process of amending the Law on Prevention of Corruption was opened due to other issues (conflict of interest among advisors in the executive branch), because it was requested by GRECO. Nevertheless, it was used as an opportunity to eliminate the problem created by the "authentic interpretation" through a new definition of the term "public official".

In August 2023, a public hearing was opened on the draft amendments to the Law on Prevention of Corruption.

In the explanation, it was stated that the concept of functionary "extends" to the director, member of the supervisory or executive board, as well as representatives of the Republic of Serbia, autonomous provinces, local self-government units and city municipalities in the assembly of companies in which they are members or shareholders with more than 50 percent of the company's basic capital or have controlling ownership on other grounds. What did not stand, however, was the explanation that almost all of them had been public officials before, but they "ceased" to be so after the adoption of the authentic interpretation, which tied the concept of public official to the body that carries out election, appointment or appointment, and that additional problems arose from the determination of the text of the Law on the Management of Companies owned by the Republic of Serbia (adopted one month after the opening of the public hearing on amendments to the Law on Prevention of Corruption).

TS then also pointed out the unnecessary limitation of the share of ownership to 50%, because the representatives of the state capital in the shareholders' assemblies should have the capacity of a public official, even in the case that the share of state ownership in the company is minimal.

Considering that the public hearing was organized during the 20 days of August, during the annual holidays, it sparked strong public reactions and demands to postpone the public hearing. Thus, as of March 2025, the amendments have still not entered parliamentary procedure, nor has a new debate been organized.

THE NEW LAW ON THE MANAGEMENT OF STATE ENTERPRISES

Possible benefits from the new law

The implementation of the Law on the Management of Companies Owned by the Republic of Serbia began on September 16, 2024.

In addition to corruption risks, this Law could also bring several benefits. First of all, it is about the establishment of rules that did not exist until now for state-owned companies operating on the market, and to which the Law on Public Companies did not apply - such as Telekom Srbija.

Another possible benefit is the establishment of rules around mandatory training in the field of corporate governance, where in the past decade various courses were recognized whose curriculum was not standardized.

New legislative solutions could facilitate the implementation of supervision over the work of enterprises carried out by the ministries of economy and energy, but it is not entirely clear whether, and to what extent, the possibility of public oversight will be increased, i.e. whether the public will have access to an information platform with data on all state-owned enterprises (which includes local public enterprises).

The law stipulates that a "capital company" (a company that the Government, on the proposal of the Ministry of Economy, puts on the list of companies to which this regulation applies) is obliged to, within 30 days of the adoption of the act, i.e. the appointment of a person, publish on its website annual general and specific goals with key indicators of success and a report on their realization, the founding act, i.e. the statute, the professional biographies of the members of the capital company's bodies, the organizational structure, as well as the annual and medium-term business plan.

It is also required to publish reports on operations, the annual financial report with the opinion of the authorized auditor, as well as "other information of importance to the public".

The Ministry (of Economy or Mining and Energy) can determine other elements of the company's operations that will be published and consider proposals for the publication of information that is of particular importance to the public, says the article governing the publication of information.

Problems That the New Law Did Not Solve

Managers are still not public officials, asset declarations remain a secret

When it comes to harm, the first immediate consequence is the fact that the newly appointed managers of the company (members of the shareholders' assembly, members of the supervisory board, directors and acting directors) will not be obliged to submit assets and income reports, nor will other rules from the Law on Prevention of Corruption apply to them.

Such a situation will last until the concept of a public official in the anti-corruption law is changed, that is, until the consequences of an unfounded authentic interpretation are removed.

Who can become a director?

The law states that the person appointed to serve as the director of the capital company shall be appointed in accordance with the law, following a public competition.

Exceptionally, until the appointment of a director following a public competition, an acting director is appointed, pursuant to the application of the Law, without conducting a public competition, and for a maximum period of up to one year.

The representative of the state in the Assembly of the capital company, member of the supervisory board or director must also fulfill the following conditions:

- to have completed higher education at undergraduate studies lasting at least four years, or undergraduate academic studies comprising at least 240 ESPB points, master's academic studies, master's vocational studies, specialist academic studies or specialist vocational studies
- to have at least five years of work experience in jobs that require higher education specified in the preceding item
- to have at least three years of work experience in managerial positions
- not to have been sentenced to a prison term of at least six months
- that no criminal proceedings are conducted against the individual
- to have knowledge of corporate governance
- not to be in a conflict of interest, in accordance with the Law

There are no longer two conditions from the Law on Public Enterprises - that the director must have at least three years of work experience in fields related to public enterprise operations and that they must not be a member of a body of a political party, or that they must have suspended from their function in a political party body.

CONCLUSION

The systematic violation of the rules in the previous period leaves no room for optimism regarding the upcoming transformation of public enterprises in accordance with the Strategy and the Law on the Management of Companies. On the contrary, that process can bring new and significant corruption risks. In order to prevent this in the first place, it is necessary to change the definition of officials, by amending the Law on Prevention of Corruption. It is also necessary to introduce clear rules related to the selection of management and supervisory bodies in transformed state-owned enterprises, bearing in mind the problems related to the selection of EPS management, which TS pointed out[3].

In the meantime, waiting for the implementation of the provisions of that regulation must not be an excuse for further violations of the Law on Public Enterprises which is still valid and should be applied to existing enterprises owned by the republic before the transformation.

Also, considering that regulation will continue to be applied to local JP, it is necessary to change it in order to eliminate ambiguities and possibilities for circumventing anti-corruption mechanisms. Therefore, TS below makes a series of recommendations for further action in this area.

3 Request: https://www.transparentnost.org.rs/images/dokumenti_uz_vesti/Zahtev_-_NO_EPS_-_kriterijumi_za_konkurs.pdf and response: https://www.transparentnost.org.rs/images/dokumenti_uz_vesti/Odgovor_EPS_kriterijumi.pdf

RECOMMENDATIONS

Measures that can be implemented without changing regulations

- The Ministry of Economy should allow public access to part of the data that is collected on the information platform, in which PEs and their founders (at all levels - local, provincial, national) enter data and have analysis capabilities. If this (for technical reasons) is not possible, the Ministry of Economy or the Government, i.e. bodies at other levels of government, should publish in one place data for all public companies under their jurisdiction (or links leading to their websites), data on the review of work reports (individually), data on the implementation of tenders, documentation proving the fulfillment of the conditions for membership in supervisory boards, etc. (examples of this practice already exist in some cities).
- The founders of the PEs should use the opportunities provided by the information platform, to prepare analyzes (such as the analysis on the realization of annual work plans) and to make them available to the public.
- It is necessary to establish a reliable publicly available and easily searchable database with data on all local public enterprises.
- It is necessary to regulate the procedures and obligations (responsibility) for the implementation of the provisions on transparency (publicity) at the transformed PEs at the national level.
- The Ministry of Economy should put pressure on PEs and their founders to implement the provisions of the Law on PEs that concern operational transparency - through reminding them of obligations and submitting applications. First of all, this applies to PEs that do not have websites at all, then to those that do not publish all the data and documents prescribed by the Law, and to those that publish data and documents that are not up-to-date, irregularly, with a delay, and finally to those that fulfill these obligations formally, but in an inappropriate form (insufficient professional biographies, incomplete quarterly reports, etc.).
- The founders should ensure greater independence in the company's operations, especially from political influence, by ending the practice of appointing acting directors and announcing a competition for the election of directors of public companies for all companies managed by lawful or unlawful (expired term) acting directors. This also applies to PEs at the national level, which are yet to undergo transformation, because waiting for the transformation process cannot be an excuse for maintaining an illegal state.
- The Government of Serbia should lawfully conclude the competitions for directors initiated under both of the previous and current law and publicly disclose their outcome, including clear justifications for any suspended recruitment procedures;
- The competent committee of the National Assembly, in accordance with the Rules of Procedure, should request a report from the Ministry of Economy and the Government of Serbia regarding the state of appointments and dismissals in public enterprises and convene a session to review the reports and determine the reasons and responsibility for past violations of legal obligations;
- The Supreme Court of Cassation should adopt a legal position regarding the legality of decisions and contracts in whose adoption or conclusion individuals have participated unlawfully representing themselves as directors or acting directors of public companies and should immediately take measures to standardize court practice in accordance with such a position;
- The Supreme Public Prosecutor must issue binding instructions to public prosecutors stipulating that, when investigating the criminal liability of individuals unlawfully representing themselves as directors or acting directors of public companies, determine their status as an "official person" in the sense of Article 112, para. 3, t. 4. of the Criminal Code (an official is also considered a person who is actually entrusted with the performance of certain official duties or tasks), that is, that their status as a "responsible person in a legal entity" is determined on the basis of the fact that they are "actually entrusted with the performance of those tasks" (Article 112, Paragraph 5 of the CC) or that these persons, instead of other corruptive crimes, are prosecuted for the criminal offense of influence peddling in conjunction with the criminal offense of false representation from Article 329. Criminal Code;

- The Agency for the Prevention of Corruption should determine which individuals have ceased to hold of the public function of director or acting director of a public company by operation of the law, and initiate proceedings against those who did not submit assets and income reports upon termination of said public office for violations of the Law on Prevention of Corruption and inform the public about the outcome of that proceeding;
- Every new open competition for directors of PE should be organized efficiently, accompanied by a campaign that will encourage quality candidates to apply, and the public and candidates should be informed in a timely manner about all important issues;
- The government and other founders of public companies, politicians, and the media should stop the practice of promoting acting directors of public companies. Particularly controversial are situations when one acting official is replaced by another without explanation, which is presented as functioning accountability;
- Affirm the role of whistleblowers and other control mechanisms within public enterprises and their connection to supervisory board;
- Analyze the results of the work of supervisory boards in connection with the realization of the primary role of a public company in meeting the needs of citizens, and not only by monitoring financial results;
- The founders should review the fulfillment of the requirements for the members of the supervisory boards of PEs, publish the data proving the eligibility and dismiss the members who fail to meet the requirements;
- TS recommends local non-governmental organizations and the media, as well as other interested parties (citizens, councilor groups, trade unions, potential candidates without a political affiliation) to insist on the publication of all documents from the election procedure for directors of public enterprises, on greater transparency, and to point out possible irregularities in the upcoming competitions for selecting new directors of local public enterprises;

Necessary changes to regulations

- The Government and the Assembly should prepare and adopt amendments to the Law on the Prevention of Corruption in order to cancel the authentic interpretation of the definition of the term public official and ensure that directors, acting directors, members of supervisory boards and representatives of the state in assemblies of shareholders of state-owned enterprises have the status of public officials and are subject to obligations for reporting assets and income and conflicts of interest.
- The Ministry of Economy should draft (or adopt), through a public hearing, by-laws for the implementation of the Law on the Management of Companies Owned by the Republic of Serbia.
- The Ministry of Economy should open a public hearing on amendments to the Law on Public Enterprises (or on amendments to other regulations, such as the Law on the Management of Companies Owned by RS or the adoption of a special regulation) that will apply to provincial and local PEs even after the transformation of the republic's PEs.
- Regulate in greater detail and more consistently the relations of public enterprises with the media and advertising in the media, within the framework of amendments to the Law on Public Procurement, the Law on Public Enterprises, media regulations, the Law on Advertising or through a special law that would regulate public sector advertising;

As part of amending regulations and/or adopting by-laws:

- It is necessary to prescribe additional measures that would reduce the possibility of misuse of state-owned enterprises for the purpose of political promotion or would facilitate the detection of such abuses. These include ensuring public access to data on the use of certain resources of public companies during the election campaign (vehicles, communication means), to monitor whether their use increases precisely during the campaign period, restricting hiring during the campaign period and immediately after elections, as well as prohibiting unplanned works aimed at gaining voter favor.

- The government should specify, to the extent possible, the criteria for determining whether the director performed their duties unprofessionally and negligently and whether there has been a (significant) deviation from the achievement the core objectives of the public enterprise, i.e., from the business plan;
- The government should eliminate inconsistencies in the regulation governing director selection by ensuring the testing of knowledge in all operational areas of public enterprises; that a negative assessment on key matters constitutes grounds for candidate elimination; a clear definition of what constiutes relevant experience; allignment of knowledge assessments with public enterprise work programs; proporational valuation of additional education and years of experience relative to their importance; and establishment of written knowledge tests as standard procedure.
- Tighten the conditions for the election of directors (with regard to compliance with anti-corruption regulations, without the possibility of "freezing" party membership);
- Increase the transparency in the work of director selection committes, establish measures to prevent conflicts of interest among committee members and prohibit political party officials from serving on these committees
- The government should adopt a bylaw establishing performance incentives for professional and successful management by directors of public companies. The criteria for awarding incentives should include not only achieving planned financial results, but also fulfilling the public enterprise's founding purpose (meeting specific citizen needs);
- Modify the content of work programs and performance reports of public companies, to make clearer to citizens the extent to which they have fulfilled their founding purpose;
- Mandate that the non-financial section of the reports of public companies includes information on the application of anti-corruption measures and mechanisms;
- Stipulate that a part of the business program must include debt collection - planned volume, timeline and collection policy; Mandate the inclusion of data on receivables, the largest debtors, current collection models, litigation cases and the like in the tabular overview of the periodic reports of PEs;
- Mandate the inclusion of data on concluded contracts and payments based on advertising and promotional activities in quarterly reporting tables.
- Amend the Law on Public Enterprises to restrict the duration of the "acting appointmnets", by setting a maximum time period between the dismissal of a director and the completion of the selection process for a new one;
- Amend the Law on Public Enterprises to mandate the disclosure all data relevant for assessing the legality of the director selection process and the justification of the selection decision, both on the website of the public company and on the founder's website. This practice should be established even prior to legal amendments;
- Amend the Law on Public Enterprises, through authentic interpretation by the National Assembly or the opinion of the Ministry of Economy to clarify what constitutes "experience in the operation of public enterprises", as one of the requirements for the selection of supervisory board members. This requirements should primarily relate to the core activies of PEs;
- Consider increasing compensation for supervisory board members in cases of achieving good results, particularly when successfully overseeing director's work (e.g. detecting or preventing significant failures and damages), as the current level (average salary) does not align with the required responsibility and expertise;
- Review the selection criteria for supervisory board members to ensure they cover a broader range of expertise (e.g. at least one member knowledgeable in each operational area of the public enterprise, at least one in corporate governance, all with management and oversight experience, all required to undergo training) and subsequently conduct new supervisory board elections across all enterprises;
- The legislator should resolve the situation when no public enterprise employee meets the eligibility criteria to be elected as employee representative on supervisory boards;
- Mandate the requirement for public job postings for employment in public enterprises.

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