

# Yearly Public Governance Event

9 priorities for the governance of  
impactful public companies

6 March 2024





# Welcome address



**Johan Decuyper**  
CEO, skeyes



# 9 priorities for the governance of impactful public companies



**Sandra Gobert**  
Executive Director, GUBERNA

Presentation of the GUBERNA memorandum to  
the political parties in view of the 2024 federal elections



# Programme

14:00	Welcome – <b>Johan Decuyper</b> , CEO, skeyes
14:10	9 priorities for the governance of impactful public companies – <b>Sandra Gobert</b> , Executive Director, GUBERNA
14:40	The OECD viewpoint – <b>Alison McMeekin</b> , Policy analyst, OECD
15:10	Panel discussion – The practitioners' perspective
16:00	Break
16:30	Panel discussion – The political perspective
17:20	Conclusion
17:30	Networking reception



# Public governance in perspective

**WW2-1970s**

Public administration

**1980s-1990s**

New public management

**2000-now**

New public governance

Rediscovering SOEs as a policy instrument



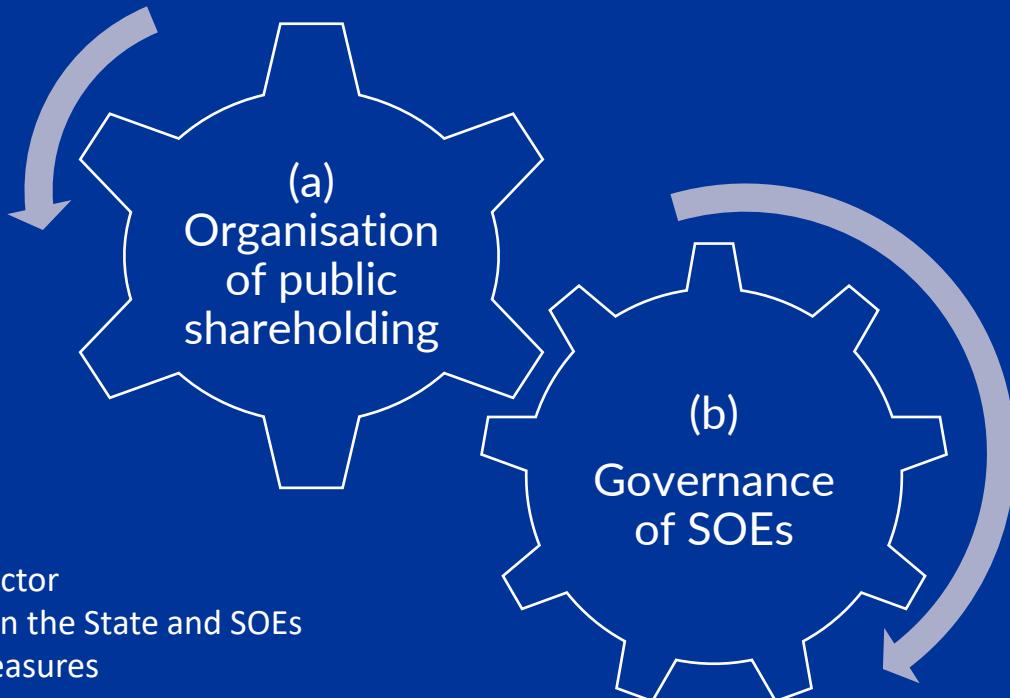
# Current challenges in Belgium

(a)

Lack of a clear shareholder vision  
Inadequate political framework  
inconsistent regulatory framework

(b)

Optimal board composition  
Competitive remuneration  
Lack of clarity on the role of the individual director  
Ambiguity of communication channels between the State and SOEs  
Increased demand for ESG information and measures





# Why care about public governance?





# Process

- Result of a participatory and iterative process
  - Preliminary study on the current state of public governance
  - Expert groups with practitioners and academics
  - Drafting the final version of the memorandum
- GUBERNA would like to thank all contributors to the memorandum

*The recommendations are the sole responsibility of GUBERNA: they do not necessarily represent the views of GUBERNA members or partners, the experts consulted, or the members of the expert group.*



# The organisation of public shareholding





## Inventory of current portfolio of SOEs

- Mapping the government's portfolio with basic information on the various SOEs, allowing classification (cf. infra)
  - Share size and shareholder structure (*cf. sole shareholder or not, control or not, listed or not listed*)
  - Sector
  - Services (*i.e. predominantly public services or mainly a commercial vocation*)
  - Nature of the market (*i.e. closed or open competition*)
  - Regulatory framework (*i.e. current legal status and legal source*)
  - Funding
  - Responsible minister or managing body
- **Consequence for the recommendations: 'one size does not fit all'**



## 1. A clear shareholder vision

- Obligation to make a declaration at the beginning of each legislature (upon advice from SFPIM)
- Basis for the boards of SOEs to define their company strategy (*i.e. shareholder vision ≠ company strategy*)
- Number of essential elements:
  - Overview of the portfolio
  - Regulatory framework and governance framework (cf. infra)
  - Objectives and expectations for SOEs
  - Provisions on the objectives and risks of broad activities
  - Provisions for revision
- Publication of shareholder vision and aggregated report on results



## 2. A coherent political framework for SOEs

- Classification of SOEs based on a dual approach
  - Oriented towards commercial services
  - Oriented towards public services
- Basis for a clear identification of the shareholding function
  - Oriented towards public services => direct monitoring and control by the responsible minister
  - Oriented towards commercial services => direct monitoring and control by SFPIM

**Indispensable step to (1) strike the balance in terms of distance from the political agenda and (2) ensure purposeful steering**



### 3. A modernised regulatory framework for SOEs

- Based on the dual approach, simplify and modernize the regulatory framework
  - Oriented towards commercial services: maximum alignment with corporate law
  - Oriented towards public services: rationalised public law derogations
- Modernisation and new sense of purpose for the 1991 law
- Development of a governance framework (charter or code) based on the principle of 'comply or explain'



# The optimal governance of SOEs





## 4. A professional selection process for directors

- To facilitate optimal board composition and expertise, in a context with increasing societal and regulatory requirements.
- Starting from a 'competency matrix', definition of the required profiles & central role of the nomination committee.
- Dialogue with the public shareholder.
- Reinforcement of board independence.
- Regular evaluation of directors.



## 5. A framework for competitive remuneration

- To enable SOEs to attract and retain the most suitable profiles, in a context where the work of the board is becoming increasingly demanding
- Benchmark exercise at the beginning of each legislature, and aligned with long term strategic goals
- Differentiated approach: public service oriented vs. commercial vocation
- Transparency on the choices made

**Balance between competitive and moderate remuneration as a necessary condition**



## 6. Empowered public directors

- To make sure public directors fulfil their roles with professionalism & in the corporate interest.
- Signing a “mission letter”.
- Focusing on the duty of discretion.
- Lifelong learning for public directors.



## 7. A framework for the communication and the interaction with the public authorities in their different capacities.

- To promote optimal communication channels between the State and the SOEs, while respecting the information rights of other shareholders and stakeholders.
- “Trusted relationship” as core principle.
- Clear communication rules : WHAT, WHO, HOW ?
- Considering the extension of the relationship agreement to other SOEs.



## 8. SOEs and their boards driving the transition.

- To ensure that SOEs and their boards actively pursue sustainable value creation and integrate non-financial matters in their objectives and functioning.
- Compliance with the ESG rules.
- Alignment with the transition objectives formulated by the State in its shareholder vision.
- Leading role of SOE's board of directors.
- Identification and engagement of stakeholders.



## 9. Boards of directors providing leadership to management

- Determining role for the board on the appointment of the CEO
- The government shareholder and executive level respect the hierarchy of the governance tripod

# The OECD perspective



**Alison McMeekin**  
Team lead, State-Owned Enterprise Unit, OECD

# **Corporate Governance of State-Owned Enterprises**

**Guberna Yearly Public Governance Event**  
**6 March 2024**



Alison McMeekin  
Team lead, State-Owned Enterprise Unit

# Outline



**1. OECD GUIDELINES ON CORPORATE GOVERNANCE OF STATE-OWNED ENTERPRISES**

**2. RATIONALES & THE ROLE OF THE STATE OWNER**

**3. RESPONSIBILITIES OF BOARDS**

# 1. OECD SOE Guidelines - Overview

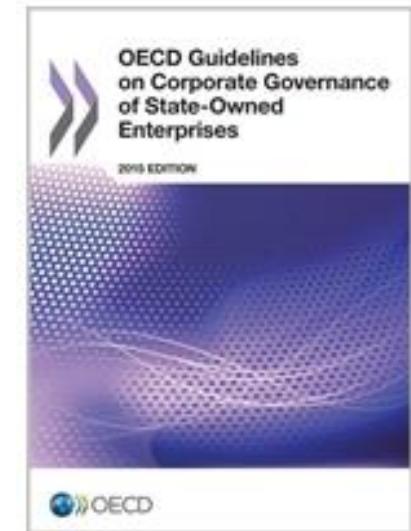
**Leading global standard for the ownership and governance of SOEs.** High level of aspiration and outcomes-based. Adopted in 2005, last revised in 2015 and currently undergoing another update.

Help policy makers **assess and strengthen the ownership and governance framework for SOEs**, to improve their performance, efficiency and transparency.

**41 adherents:** OECD members and three partner economies.

Applicable to:

- ❖ **all SOEs**, including state-owned financial institutions and SOEs held at the sub-national level
- ❖ **all government institutions** responsible for the **ownership, oversight or control** of SOEs
- ❖ While ensuring for **flexibility and proportionality** depending on the size, orientation and ownership structure of SOEs.



# 1. OECD SOE Guidelines - Overview

The governance of SOEs is of prime importance given that SOEs account for a sizeable share of the economy and are often present in systemically important sectors



The share of SOEs in the top 500 global companies has tripled over the last 20 years



11% of listed equity at the end of 2022, amounting to USD 10.6 trillion

*The “OECD model” implies clearly separating the ownership function from the regulatory and policy-making functions of the state.*



- Sets ownership policy
- Coordinates at cabinet level

- Defines objectives for individual SOEs
- Monitors performance

- Approves strategy
- Monitors management
- Oversees risk management

- Runs the company
- Manages risks



Independent regulation

# 1. OECD SOE Guidelines - Overview

## Rationales for state ownership

State enterprise ownership should be undertaken with a view to creating value for the general public, who are the ultimate shareholders of SOEs.

## The state's role as an owner

The state should act as an informed, active and accountable owner and not intervene in management. Ownership should be centralised and separate from regulation.

## Equitable treatment of shareholders

Non-state shareholders should have equal rights and equitable treatment, including equal access to corporate information, as the state shareholder.

## SOEs in the marketplace

SOEs' financing conditions and their legal and regulatory framework should ensure a level playing field when SOEs undertake economic activities in the marketplace.

## Disclosure and transparency

SOEs and the state shareholder should observe high standards of transparency and accountability. The state shareholder should produce an annual aggregate report on SOEs' activities and performance.

## SOE board composition and responsibilities

SOE boards should have adequate responsibilities, competencies and independence to carry out their role of strategic guidance and monitoring management. They should have the right to appoint and dismiss the CEO.

## SOEs and sustainability\*

The state as shareholder should lead by example by integrating sustainability considerations into ownership policies and ensuring that SOEs conduct business responsibly and with integrity.

\* New chapter introduced during the current revision.

# 1. OECD SOE Guidelines - Revisions

## Overarching objectives of the ongoing revision and some key updates

### Maintain a global level playing field & uphold high standards of integrity and business conduct

- Recommendation to enhance transparency for SOEs engaged in public policy and commercial activities and to discourage the use of SOEs to grant advantages to other commercial entities.
- Enumeration of additional practices that could grant SOEs unwarranted competitive advantages.
- Broadened scope of applicability to entire state portfolio, regardless of corporate/legal form.

### Ensure two-way accountability between the state and its SOEs

- On **accountability of the state**, strengthened guidance on ownership arrangements, transparency by SOE oversight institutions and the need to avoid redefining SOEs' objectives non-transparently
- On **accountability of SOEs**, broadened scope of recommended disclosures on financial and non-financial performance (e.g. sustainability, governance and public policy objectives)

### Contribute to sustainability and resilience

- Recommendation that the state integrate sustainability goals into its ownership policy
- Recommendation that SOE boards consider sustainability risks and opportunities
- Subjecting SOEs to appropriate sustainability reporting requirements.

# Outline



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2. RATIONALES & THE ROLE OF THE STATE OWNER

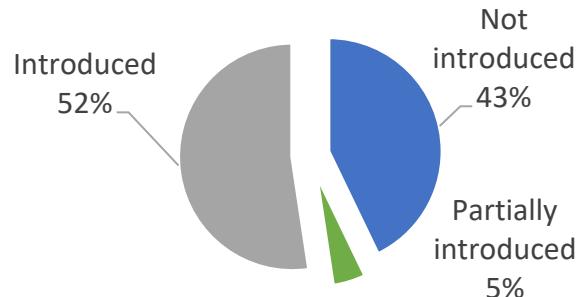
3. RESPONSIBILITIES OF BOARDS

# I. Rationales for state ownership

## *The ownership policy...*

- B. The government should **develop an ownership policy**. The policy should inter alia **define the overall rationales** for state ownership, the state's role in the governance of SOEs, how the state will implement its ownership policy, and the respective roles and responsibilities of those government offices involved in its implementation.
- C. The ownership policy should be subject to appropriate procedures of **political accountability** and **disclosed to the general public**. The government should review at regular intervals its ownership policy.

Ownership policies

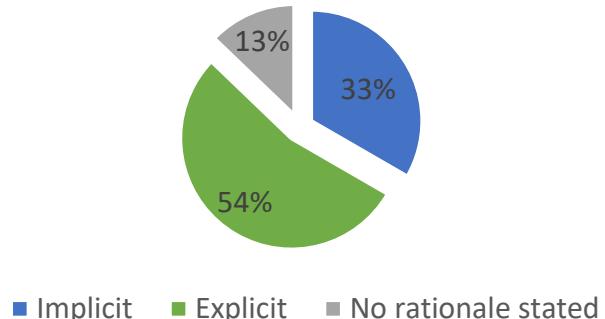


# I. Rationales for state ownership

## *Rationales for SOE ownership & clear public policy objectives...*

D. The state should define the **rationales for owning individual SOEs** and subject these to recurrent review. Any **public policy objectives** that individual SOEs, or groups of SOEs, are required to achieve **should be clearly mandated** by the relevant authorities **and disclosed**.

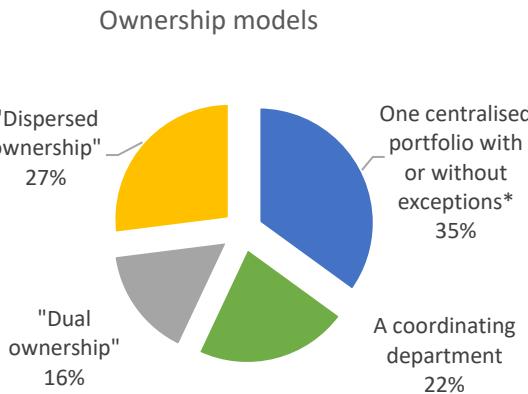
Ownership rationales



## II. The state's role as owner

### *Primary responsibilities of the state...*

- D. The exercise of ownership rights should be clearly identified within the state administration. The exercise of ownership rights should be **centralised in a single ownership entity**, or, if this is not possible, carried out by a co-ordinating body. This “ownership entity” should have the capacity and competencies to effectively carry out its duties.
- F. [State’s] prime responsibilities include: 2. Establishing well-structured, merit-based and transparent **board nomination processes** in fully- or majority-owned SOEs, actively participating in the nomination of all SOEs’ boards and contributing to **board diversity**;



# Outline



1. OECD GUIDELINES ON CORPORATE GOVERNANCE OF STATE-OWNED ENTERPRISES

2. RATIONALES & THE ROLE OF THE STATE OWNER

3. RESPONSIBILITIES OF BOARDS & SUSTAINABILITY

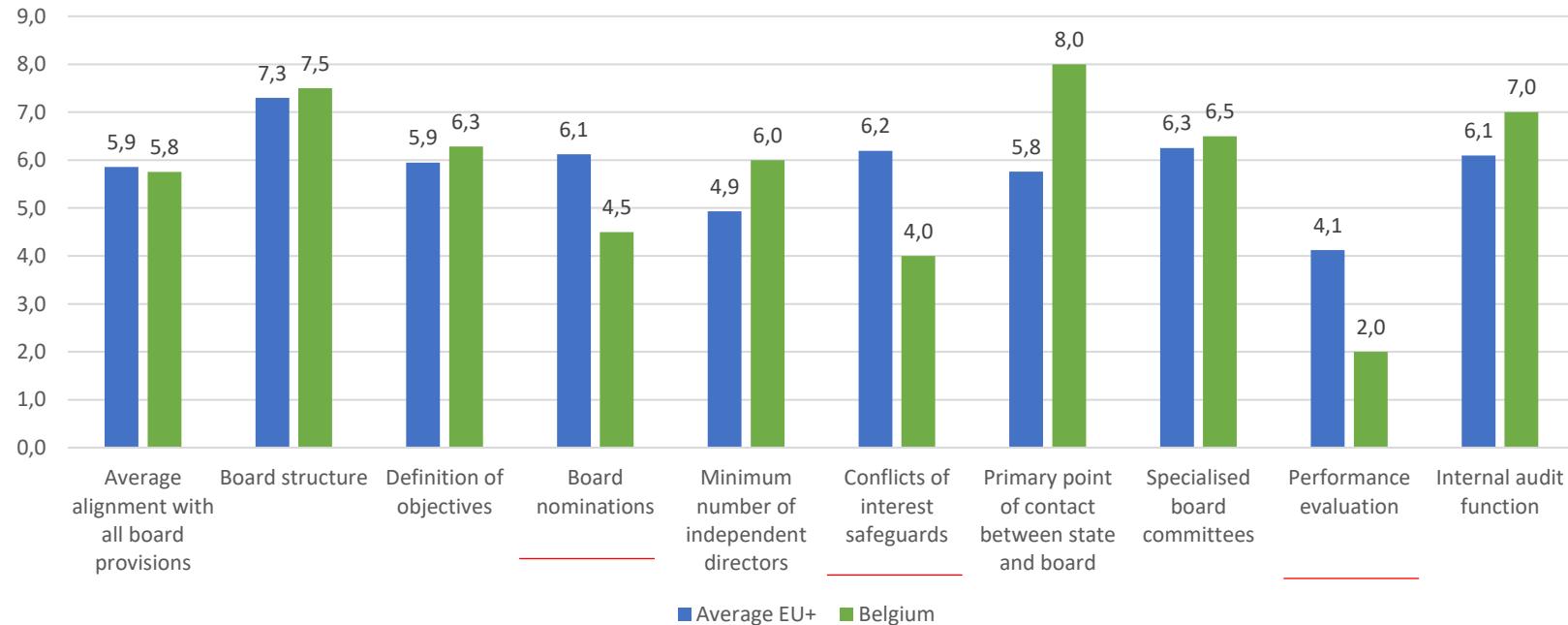
# VI. Responsibilities of boards

*The boards of SOEs should have the necessary authority, competencies and objectivity to carry out their functions of strategic guidance and monitoring of management. They should act with integrity and be held accountable for their actions.*

- A. Boards should operate under a **clear mandate** and be responsible for SOEs' performance
- B. Boards should fulfil the functions of **setting strategy and supervising management**, based on broad mandates set by the government. They should have the authority to appoint and dismiss the CEO.
- C. SOE board composition should allow the exercise of **objective and independent judgement** in the interest of the enterprise. Public officials should have equivalent legal responsibilities as other board members.
- E. Mechanisms should be implemented to **avoid conflicts of interest** and limit political interference in boards.
- F. The **board Chair** should act as **liaison with the state ownership entity** and should be separate from the CEO.
- J. SOE boards should develop efficient **internal audit** procedures.

# Belgium's alignment with the 2015 SOE Guidelines' Board Chapter (VI)

## Alignment with specific SOE Guidelines provisions in Belgium and other EU+ countries\*



\* EU+ includes all 27 EU member countries plus Norway, Switzerland and the United Kingdom.

# Key revisions to Board responsibilities (2024)

## Clarifications and new recommendations

- Added good-practice guidance on the **board nomination and appointment process**, regarding mechanisms for **merit-based appointments** and the promotion of **diversity** on boards and in senior management positions.
- Added clarifications on the **composition of boards**, including independence requirements, eligibility criteria and remuneration of board members.
- Added clarifications on the **responsibilities of boards**, including their duty to take into account stakeholder interests when making business decisions and to oversee risk management systems.
- New language regarding the board's responsibility to ensure the effectiveness of the SOE's **risk management**, internal controls and internal audit function.
- Strengthened provisions regarding **board remuneration**, including considerations to offer competitive pay to board members.

# Chapter VII (forthcoming): Sustainability

## ***SOEs' sustainability, resilience and long-term value creation***

Forthcoming Guidelines: the role of the state owner, the role of the board, disclosure & responsible business conduct.

Forthcoming data suggests:

- *high degree of SOE disclosure of sustainability-related information:*
  - *Majority (by market capitalisation) disclosing scope 1 and 2 GHG emissions (similar to non-SOEs, higher in #)*
  - *23% (by market capitalisation) disclosing scope 3 emissions (less than non-SOEs)*
- *Almost half providing independent assurance of a sustainability report (less than non-SOEs)*
- *Majority of SOEs (by market capitalisation) striving to meet GHG emission reduction targets by or before 2030 (similar to non-SOEs)*

# Stay tuned & stay in touch



- Revisions & updates – May 2024
- Global Corporate Sustainability Report – this month
- Best practice report on sustainability in the state-owned sector (end 2024 / early 2025)
- Comments/Questions? [alison.mcmeekin@oecd.org](mailto:alison.mcmeekin@oecd.org)



# The practitioners' perspective



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SNCB / NMBS



**Michaël  
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CFAO  
SFPIM



**Myriam  
Van Varenbergh**

Chair  
Ethias



**Dirk  
Lybaert**

Secretary General  
Proximus

Moderated by  
**Nicolas Coomans & Ewout Görtz**  
GUBERNA



# The political perspective



**Gilles  
Vanden Burre**

Ecolo



**Axel  
Miller**

MR



**Koen  
Geens**

CD&V



**Dieter  
Berckvens**

Vooruit

Moderated by  
**Jean-Marc Meilleur**  
Of Counsel, Gosselin & de Walque



# Conclusion

1. A clear shareholder strategy
2. A coherent political framework for SOEs
3. A modernized regulatory framework for SOEs
4. A professional selection process for directors
5. A framework for competitive remuneration
6. Empowered individual directors
7. An appropriate framework for the communication and the interaction with the State in its different capacities
8. SOEs and their boards driving the transition
9. Boards of directors providing leadership to management



Thank you for  
your participation !