

STATE-OWNED ENTERPRISES IN POLAND – ANNUAL AGGREGATED REPORT – PROPOSAL

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Purpose: The article aims to propose the scope of an aggregated annual report on the performance of state-owned enterprises (SOEs) in Poland.

Design/methodology/approach: Analysis of the literature regarding the publication by supervisory authorities of aggregated annual reports on state-owned enterprises. Analysis of aggregated annual reports from 5 EU countries selected for comparative analysis. The choice of 5 out of 24 countries preparing an aggregated annual report on all SOEs resulted from the number and importance of SOEs in these countries.

Findings: The analysis of aggregated annual reports from selected 5 countries showed that not all reports contain selected consolidated data of all SOEs or separate data about individual SOEs. In only 3 out of 5 countries (Sweden, Finland, and Norway) the reports contained aggregated data of all SOEs, and in 4 (apart from France) separate data of individual SOEs.

Research limitation/implications: Due to the length of the article, only 5 countries out of 24 preparing annual aggregated reports on SOEs were included in the comparative analysis.

Practical implications: The analysis is useful for all SOE stakeholders, especially politicians who create regulations concerning the state's ownership policy and Polish society.

Social influence: Introducing the need to publish an aggregated annual report on SOEs by the appointed state body (preferably the Ministry of State Assets) will positively impact the improvement of ownership supervision over these companies, to benefit the entire Polish society and other stakeholders.

Originality/value: The analysis of aggregated annual reports on SOEs prepared in other countries and the indication of elements in these reports that can be used in the Polish report is a new solution. The results of the analysis are useful to politicians responsible for creating the state's ownership policy, Polish society, and minority shareholders of SOEs interested in improving transparency in the supervision of SOEs, and thus in their operational effectiveness.

Keywords: state-owned enterprises, SOEs, corporate governance, aggregated annual report.

Category of the paper: research paper.

1. Introduction

The article aims to propose the scope of information that should be included in the annual report on the performance of state-owned enterprises in Poland. Now, no report on this subject is being prepared, although the number and importance of these companies for the Polish economy is very large (detailed data in point 6). Expanding knowledge about state-owned enterprises is necessary to improve the corporate governance over these entities for the benefit of all their stakeholders, particularly Polish society.

To achieve the aim of the article, a research method was used consisting of the analysis of aggregated annual reports of state-owned enterprises in 5 selected countries. Both the purpose of the article and the research method are new solutions, never described by anyone before.

The state should strive to improve the quality of corporate governance because well-functioning corporate governance (S. Claessens, Y. Burcin, 2012, s. 17.):

- facilitates access to capital, and thus enables the implementation of larger investments leading to the development of the company and increased employment,
- reduces the cost of capital and thus increases the value of the enterprise, making investors more willing to invest in it, which contributes to its development and employment growth,
- increases the efficiency of enterprises through better allocation of resources and better management,
- reduces the financial risk of enterprises, thus reducing the risk of financial crises resulting in huge economic and social costs,
- contributes to improving relations between all stakeholders, which in turn leads to improved social and labour relations, and increased interest in environmental protection, and may consequently contribute to reducing poverty and social inequalities.

The research conducted by the OECD among 54 countries (Figure 1), including all 38 countries belonging to the OECD and the G20 countries, shows that aggregated reports on all SOEs were prepared in 24 countries (44%). The online inventory reports instead of annual aggregated reports on SOEs were published in 8 countries (15%). In 6 countries (11%) reports containing data on selected SOEs were prepared. In 7 (13%) countries, including Poland, reports were prepared only on ad-hoc or regular reporting to the parliament. In 9 (Belgium, Czech Republic, Iceland, Malaysia, Pakistan, Saudi Arabia, Tunisia, United Kingdom, and the United States) out of 54 countries, no aggregated reports on state-owned enterprises were prepared. The OECD report was based on materials sent by individual countries. However, in the case of Poland, according to the author, no published reports contained data on all state-owned enterprises. Only reports on listed state-owned enterprises in Poland are published from time to time.

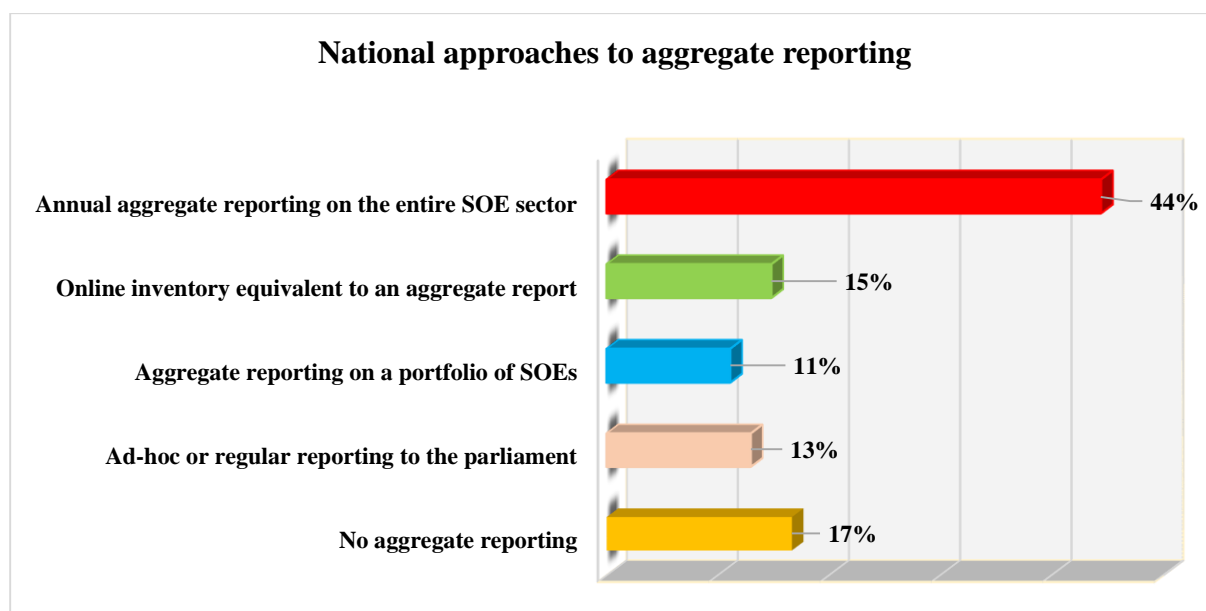


Figure 1. National approaches to aggregate reporting.

Source: OECD, 2021, p. 45.

Of the 24 countries that were preparing the aggregated annual report, 15 are European Union countries. The scope of the aggregate report prepared by these countries is presented in Table 1.

Table 1.

Annual aggregated reports on state-owned enterprises - scope of the report

| Country | Implementation of state ownership policy | Financial performance and value | Total employment in SOEs | Public policy objectives | Board composition and/or remuneration | Reporting on individual SOEs |
|-------------|--|---------------------------------|--------------------------|--------------------------|---------------------------------------|------------------------------|
| Austria | | | | | | |
| Bulgaria | | | | | | |
| Denmark | | | | | | |
| Estonia | | | | | | |
| Finland | | | | | | |
| France | | | | | | |
| Germany | | | | | | |
| Hungary | | | | | | |
| Latvia | | | | | | |
| Lithuania | | | | | | |
| Netherlands | | | | | | |
| Norway | | | | | | |
| Portugal | | | | | | |
| Spain | | | | | | |
| Sweden | | | | | | |

full disclosure
 partial disclosure

Source: OECD, 2021, pp. 47-50.

2. Literature review

The issue of corporate governance was formally introduced to economics by A. Smith in 1776, who in his book "An Inquiry into the Nature and Causes of the Wealth of Nations" noted for the first time the separation of ownership and control and its consequences in contemporary corporations (Jerzemowska, 2002, p. 11). The concept of "corporate governance" itself is defined differently in literature. According to A. Cadbury corporate governance is "The system by which companies are directed and controlled (A. Cadbury, 1992, p. 14). In turn, A. Shleifer and S. Vishny (Shleifer, Vishny, 1997, pp. 737-781) define it as "Methods ensuring that capital providers to corporations achieve a return on these investments". Another definition of corporate governance is provided by the OECD (OECD, 2015, p. 9), according to which "Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of achieving those objectives and monitoring performance are determined". According to M. Aluchna, "corporate governance "can be analysed from the perspective of the achievements of economics, management, finance, legal sciences, sociology, psychology, and political science" (Aluchna, 2014, pp. 10-11).

In 1976, M.C. Jensen and W. Meckling published the most important elements of agency theory in a work entitled "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure". The essence of the problem of agency theory is the separation of management and control, or in other words, ownership and control (Jensen, Meckling, 1976, pp. 305-360). Eight years later, in 1984, R.E. Freeman published "Strategic Management - A Stakeholder Approach". According to Freeman, stakeholders are "any group or individual that can influence or be influenced by a corporation as a result of achieving its objectives" (Freeman, 1984).

Globalization processes, continuous development of corporations, and financial scandals (e.g. Enron - 2001; WorldCom - 2002 or Lehman Brothers - 2008) strengthen the role of corporate governance and the need to adapt it to the turbulent environment. One of the elements of this adjustment is changes or implementation of new legal regulations, e.g. in the USA the act known as the Sarbanes-Oxley Act of 2002 (The Sarbanes-Oxley Act, 2002). Moreover, in many countries or organizations such as the OECD, corporate governance codes were published for the first time or amended. The published codes apply not only to listed companies but also to investor associations, employers' associations, professional associations, and even governments (Aguilera, Cuervo-Cazurra, 2009, pp. 376-387).

The first corporate governance code, The report 'Financial Aspects of Corporate Governance Committee' (usually known as the Cadbury Report) was published in December 1992 in Great Britain and contained several recommendations to raise corporate governance standards (A. Cadbury, 1992).

In 2005, for the first time, the OECD issued a separate corporate governance code for state-owned enterprises - The Guidelines on Corporate Governance of State-Owned Enterprises. In 2015, the next version of the OECD Code was published, which replaced the first version.

In OECD Guidelines on Corporate Governance of State-Owned Enterprises (OECD, 2015, p. 25) the recommendation VI.C (Disclosure and transparency) states that “The ownership entity should develop consistent reporting on SOEs and publish annually an aggregate report on SOEs. Good practice calls for the use of web-based communications to facilitate access by the general public”.

Regulations regarding corporate governance are also issued in the European Union in the form of directives, regulations, and recommendations. One example is Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU (The European Union, 2022), as regards corporate sustainability reporting effective from 2023. Under the directive, the obligation to report on the company’s activities in the field of ecology, corporate social responsibility and corporate governance (so-called ESG report) will also apply to listed small and medium-sized companies (first time in 2027 for 2026), and large companies that are not listed on the stock exchange (first time in 2026 for 2025). The current regulation regarding the need to prepare the so-called ESG report concerns large listed companies employing 500 people. Legal regulations issued by the European Union divide enterprises into small, medium-sized, and large, as well as listed and non-listed. There are no regulations specific to SOEs.

Because SOEs perform not only commercial duties but also commercial-public and public duties, in many countries legal regulations only apply to the functioning of SOEs. One such regulation in Poland is the Act of June 9, 2016, on the principles of shaping the remuneration of persons managing certain companies (Ustawa, 2016). The Act regulates the amount of remuneration of members of management and supervisory bodies, as well as selected provisions of contracts concluded with members of management bodies in State Treasury companies, local government units or their associations, state legal units, and municipal legal persons,

As mentioned earlier, according to the OECD (OECD, 2015, p. 25) the ownership entity should develop consistent reporting on SOEs and publish annually. Preparing such a report increases the transparency of corporate governance, and thus increases the effectiveness of SOEs.

3. The size of SOEs in the EU countries belonging EU preparing annual aggregate reporting on the entire SOE sector (2012)

Table 2 shows the characteristics of listed state-owned enterprises in the countries presented in Table 1 (without Bulgaria due to lack of data) and in Poland. The data show that countries with the largest number of SOEs in which states had majority and minority shares were Poland (16), France (14), Finland (14), and Norway (8). In terms of the number of people employed in SOEs, France was in first place (1,119,722 employees), Germany was in second place (713,890 employees), and Finland was in third place (161,672 employees). The highest stock exchange value had SOEs from France, amounting to €165.3 billion. In second place was Norway, where the market value of 8 SOEs amounted to €119.3 billion. Finland was in third place with a market value of SOEs of €70.5 billion. Polish SOEs with a market value of €59.5 billion, took fourth place. Total market value of SOEs and total book value of SOEs in currencies other than EURO in Tables 2,3 and 4 were converted into EURO according to the average annual Euro exchange rate for 2012 (data in the table are for this year) provided by the National Bank of Poland, i.e. EUR/PLN = 4.1850; NOK/PLN = 0.5597; HUF/PLN = 1.4468; SEK/PLN = 0.4807; LTL/PLN = 1.2120.

Table 2.

The size of SOEs in OECD countries from EU preparing aggregated annual reports on state-owned enterprises - listed companies

| Country | Values (except number of employees) in: | Majority-owned listed entities | | | | Minority-owned listed entities | | | | Total market value mn | Total market value in EUR |
|-------------|---|--------------------------------|-----------------|----------------------|-------------|--------------------------------|-----------------|----------------------|-------------|-----------------------|---------------------------|
| | | Nr of enterprises | Nr of employees | Value of enterprises | | Nr of enterprises | Nr of employees | Value of enterprises | | | |
| | | | | Market | Book equity | | | Market | Book equity | | |
| Austria | EUR mn | 2 | 26281 | 8669 | 5808 | 2 | 45104 | 11510 | 15366 | 20179 | 20179 |
| Denmark | DKK mn | 1 | 621 | 797 | 992 | 2 | 16970 | 17869 | 13323 | 18666 | 2508 |
| Estonia | EUR mn | | | | | | | | | 0 | 0 |
| Finland | EUR mn | 3 | 21761 | 15380 | 14185 | 11 | 139911 | 55140 | 38770 | 70520 | 70520 |
| France | EUR mn | 3 | 165477 | 35103 | 37408 | 11 | 954245 | 130163 | 157617 | 165266 | 165266 |
| Germany | EUR mn | | | | | 3 | 713890 | 65669 | | 65669 | 65669 |
| Hungary | HUF mn | | | | | | | | | 0 | 0 |
| Latvia | LVL mn | | | | | 1 | 32 | 5 | 24 | 5 | 1 |
| Lithuania | EUR mn | 2 | 701 | 146 | 191 | 1 | 1700 | 262 | 596 | 408 | 408 |
| Netherlands | EUR mn | | | | | | | | | 0 | 0 |
| Norway | NOK mn | 3 | 63187 | 631422 | 0 | 5 | 64211 | 260123 | 0 | 891545 | 119277 |
| Poland | PLN mn | 6 | 36074 | 90559 | 78979 | 10 | 64525 | 158622 | 105498 | 249181 | 59541 |
| Portugal | EUR mn | | | | | | | | | 0 | 0 |
| Spain | EUR mn | 1 | 20358 | 1028 | -6188 | 2 | 7818 | 5151 | 1226 | 6179 | 6179 |
| Sweden | (SEK mn) | | | | | 3 | 73156 | 443165 | | 443165 | 50903 |
| TOTAL | | 21 | 334460 | | | 48 | 2081562 | | | | 560452 |

Source: OECD, 2014, pp. 47-50, own calculations.

The data regarding non-listed state-owned enterprises in the countries detailed in Table 1 (without Bulgaria due to lack of data) and in Poland are presented in Table 3.

The data in Table 3 show that the countries with the largest number of non-listed state-owned enterprises in which the state had majority shares and statutory corporations and quasi-corporations were: Hungary (370), Poland (320), and Lithuania (135).

In terms of the number of people employed by these enterprises, France was in first place (1,419,024 employees), in second place was Germany (349,203 employees), and in third place was Portugal (171,534).

In turn, the highest net book value of non-listed state-owned enterprises belonged to Hungary, and it amounted to €511.0 billion. In second place was Norway, where the book value of these enterprises amounted to €105.1 billion. Third place belonged to France with a book value of non-listed state-owned of €51.5 billion. The Polish SOEs with a book value of €26.2 billion took fourth place.

Table 3.

The size of SOEs in OECD countries from EU preparing aggregated annual reports on state-owned enterprises - non-listed companies

| Country | Values (except number of employees) in: | Majority-owned non-listed entities | | | Statutory corporations and quasi-corporations | | | Total book value | Total book value in EUR mn |
|-------------|---|------------------------------------|-----------------|----------------------|---|-----------------|----------------------|------------------|----------------------------|
| | | Nr of enterprises | Nr of employees | Value of enterprises | Nr of enterprises | Nr of employees | Value of enterprises | | |
| Austria | EUR mn | 6 | 47872 | 7554 | 1 | 8 | 961 | 8514 | 8514 |
| Denmark | DKK mn | 10 | 8867 | 47420 | 6 | 13335 | 20594 | 68014 | 9137 |
| Estonia | EUR mn | 29 | 16046 | 2766 | 24 | 9170 | 1450 | 4216 | 4216 |
| Finland | EUR mn | 37 | 60916 | 12174 | 2 | 2083 | 6818 | 18992 | 18992 |
| France | EUR mn | 34 | 309109 | 35172 | 20 | 1109915 | 16363 | 51535 | 51535 |
| Germany | EUR mn | 71 | 349197 | 36227 | 1 | 6 | 583 | 36810 | 36810 |
| Hungary | HUF mn | 370 | 123004 | 1478200 | | | | 1478200 | 511030 |
| Latvia | LVL mn | 74 | 52240 | 2608 | | | | 2608 | 755 |
| Lithuania | EUR mn | 46 | 26724 | 3067 | 89 | 13821 | 2009 | 5076 | 5076 |
| Netherlands | EUR mn | 26 | 78286 | 46943 | | | | 46943 | 46943 |
| Norway | NOK mn | 25 | 49261 | 612240 | 17 | 108597 | 173430 | 785670 | 105113 |
| Poland | PLN mn | 295 | 117738 | 101017 | 25 | 5918 | 8598 | 109615 | 26192 |
| Portugal | EUR mn | 33 | 70981 | 8318 | 51 | 100553 | -2337 | 5981 | 5981 |
| Spain | EUR mn | 44 | 10787 | 1117 | 8 | 64444 | 2144 | 3261 | 3261 |
| Sweden | (SEK mn) | 46 | 132727 | 332930 | 3 | 2881 | 12204 | 345134 | 39643 |
| TOTAL | | 1146 | 1453755 | | 247 | 1430731 | | | 873198 |

Source: OECD, 2014, pp. 26-55, own calculations.

4. Methods

Table 4 summarizes the number of SOEs, the number of employees, and the market and book values from Tables 2 and 3. Based on the data from Table 4, five countries were selected for further analysis: Finland, France, Germany, Norway, and Sweden. The lack of information on board composition and/or remuneration in the reports of 5 countries indicates low transparency of these reports. Therefore, they will not be analysed regarding their suitability for preparing a report for Poland. Also, reports without reporting on individual SOEs are not useful for this. Denmark and Spain were not selected for comparative analysis due to the low value of their SOEs.

The analysis of selected countries will involve examining their annual reports on state-owned enterprises and will allow to proposal of content for an aggregated report on state-owned enterprises in Poland.

Table 4.

The size of SOEs in OECD countries from EU preparing aggregated annual reports on state-owned enterprises - listed and non-listed companies

| Country | Values (except number of employees) in: | Nr of enterprises | Nr of employees | Market value of enterprises | Book value of enterprises | Total value of enterprises | Total value of enterprises (EURO bn) | Reporting on individual SOEs |
|-------------|---|-------------------|-----------------|-----------------------------|---------------------------|----------------------------|--------------------------------------|------------------------------|
| Austria | EUR mn | 11 | 119 265 | 20 179 | 8 514 | 28 693 | 28.7 | no |
| Denmark | DKK mn | 19 | 39 793 | 18 666 | 68 014 | 86 680 | 11.6 | yes |
| Estonia | EUR mn | 53 | 25 216 | 0 | 4 216 | 4 216 | 4.2 | no |
| Finland | EUR mn | 53 | 224 671 | 70 520 | 18 992 | 89 512 | 89.5 | yes |
| France | EUR mn | 68 | 2 538 746 | 165 266 | 51 535 | 216 801 | 216.8 | yes |
| Germany | EUR mn | 75 | 1 063 093 | 65 669 | 36 810 | 102 479 | 102.5 | yes |
| Hungary | HUF mn | 370 | 123 004 | 0 | 1 478 200 | 1 478 200 | 511.0 | no |
| Latvia | LVL mn | 75 | 52 272 | 5 | 2 608 | 2 612 | 0.8 | no |
| Lithuania | EUR mn | 138 | 42 946 | 408 | 5 076 | 5 484 | 5.5 | no |
| Netherlands | EUR mn | 26 | 78 286 | 0 | 46 943 | 46 943 | 46.9 | no |
| Norway | NOK mn | 50 | 285 256 | 891 545 | 785 670 | 1 677 215 | 224.4 | yes |
| Poland | PLN mn | 336 | 224 255 | 249 181 | 109 615 | 358 796 | 85.7 | - |
| Portugal | EUR mn | 84 | 171 534 | 0 | 5 981 | 5 981 | 6.0 | no |
| Spain | EUR mn | 55 | 103 407 | 6 179 | 3 261 | 9 440 | 9.4 | yes |
| Sweden | (SEK mn) | 52 | 208 764 | 443 165 | 345 134 | 788 299 | 90.5 | yes |
| TOTAL | | 1 465 | 5 300 508 | 1 930 783 | 2 970 569 | 4 901 351 | 1 433.6 | |

Source: Own calculations based on the date from Tables 2 and 3.

5. Results

Norway

At the end of 2022, Norway had direct state ownership of 69 companies. All 69 state-owned enterprises (SOEs) were divided into 2 categories (Norwegian Ministry of Trade, Industry and Fisheries, 2022, p. 7):

- Category 1 – consisted of 21 companies where the State's goal as an owner is the highest possible return over time in a sustainable manner.
- Category 2 – consisted of 45 companies that do not primarily operate in competition with others, the State's goal as an owner is sustainable and the most efficient possible attainment of public policy goals.
- Three companies were not categorized.

The 69 enterprises were supervised by 12 ministries. Most enterprises, 28, were supervised by the Minister of Trade, Industry and Fisheries, of which 19 belonged to Category 1 and 9 to Category 2.

In 2022, the value of Norwegian state-owned enterprises, categories 1 and 2 (Table 5), was calculated as the sum of the value of listed shares held, and the sum of the net book values

of shares held in non-listed enterprises amounted to NOK 1449.7 billion. Of this amount, the market value of listed companies (8 companies) amounted to NOK 1069.5 billion, and book value of non-listed companies (58 companies) amounted to NOK 380.2 billion. All 66 companies had sales revenues of NOK 2597.8 billion and employed 334,072 people. The return on equity ratio (ROE) for listed SOEs was 41.8%, and for non-listed companies from Category 1, it was 17.9%. In 2022, the value of dividends paid by SOEs to the state budget amounted to NOK 112.2 billion. All 69 companies in 2022 emitted 495 million tonnes of CO₂ (scope 1: 38,578,224 tonnes; scope 2: 7264,025 tonnes and scope 3: 449,320,889 tonnes).

Table 5.

Group accounting figures for 2022 – companies in category 1 and 2

| Company category | Companies | Market value of the State's ownership interest (NOK million) | Book value of State's ownership interest (NOK million) | Return | Operating revenues (NOK million) | Profit/loss after tax (NOK million) | Dividend to the State (NOK million) | Number of employees |
|------------------|---------------------------|--|--|----------|----------------------------------|-------------------------------------|-------------------------------------|---------------------|
| Category 1 | Listed companies (8) | 1 069 506 | 0 | 41.8% | 2 127 481 | 407 978 | 87 442 | 124 064 |
| Category 1 | Non-listed companies (13) | | 177 432 | 17,9% | 142 763 | 29 072 | 17 481 | 36 127 |
| Category 2 | Companies cat. 2 (45) | | 202 775 | | 327 580 | 18 638 | 7 238 | 173 881 |
| | Total | 1 069 506 | 380 207 | 0 | 2 597 824 | 455 688 | 112 161 | 334 072 |

Source: Norwegian Ministry of Trade, Industry and Fisheries State Ownership Report, 2022, pp. 13-15.

State policy towards SOEs was published in the Report to the Storting (white paper) and presented to Parliament by the Government. The new version of the report from 2022 (The Royal Ministry of Trade, Industry and Fisheries, 2022-2023) replaced the previous report to the Storting published in 2019 (Ministry of Trade, Industry and Fisheries 2019-2000). The 135-page document discusses the Norwegian government's policy towards state-owned enterprises, the reasons for holding shares in SOEs, and the principles of their management.

The state-owned enterprises in Norway report their financial and non-financial data following the government policy contained in the Report to the Storting (white paper). The financial data consists of selected data from financial statements and some indicators. The non-financial data can be divided into 3 groups:

- The data on specific spheres of the company's operation (for example company goals, results, tax policy, capital structure, selected risk level.
- Information on tonnes of CO₂ equivalent emitted, broken down into emissions directly related to its activity (Scope 1), indirect emissions related to energy consumption (Scope 2), and indirect emissions related to the purchase of products and services (Scope 3) and
- Information on international standards and guidelines applied by public enterprises. The guidelines standards used by Norwegian public companies (not only by listed companies) include Integrated reporting, International Financial Reporting Standards (IFRS), Good accounting practice (GAP), GRI Standards, TCFD, greenhouse Gas Protocol, Guidelines OECD Guidelines for Multinational Enterprises, UK Gender Pay Gap.

Every year the Norwegian Ministry of Trade, Industry and Fisheries. and Fisheries prepares the annual report “The State Ownership Report”. The report is prepared under the government policy contained in the Report to the Storting (white paper).

The first part of the report for 2022 – “State Ownership Report – The State’s direct ownership of companies, 2022” (86 pages), concerns all companies, while the second part discusses the financial and non-financial results of individual companies. An example of aggregated data is presented in Table 5, which contains information on all state-owned enterprises. Table 6 presents sample goals for the company: National-theatret AS (Category 2). In Table 7 presented the data included in the report in the part regarding individual companies. Financial and non-financial data of an individual company are presented on one page of the report.

Table 6.

Goals and results for National-theatret AS – 2022

| | Long-term goals | Indicator | Goals 2022 | Result 2022 (2021) |
|-------------------------------|--|--|---------------|--------------------|
| Public policy goal attainment | Research and innovation that increase the competitiveness of the industry by the results being used and creating value | Publication points per researcher | >0.7 | 0.78 (1.32) |
| | | Participate in SFI projects | > 3 | 3 (3) |
| | | National assignment revenues as a % of turnover | > 30% | 36% (34%) |
| | | Participation in EU projects | > 25 | 21 (22) |
| | Research infrastructure available to solve challenges in the business sector | Investment in research infrastructure as a % of net turnover | > 3.5% | 4.4% (7.6%) |
| | | Operation of buildings as a % of net revenues | < 15% | 13.5% (11.7%) |
| Increased trust in research | National media reports | > 1,500 | 2,030 (1,688) | |
| Efficient operations | Deliver high-quality and relevant research | PhDs as a % of researchers | > 80% | 81% |
| | | Invoiced hours/R&D fulltime equivalents | > 1,140 | 1,103 (1,157) |
| | Focus on areas, methods and technologies that will be relevant in the future | Operating profit/loss % | > 0 | -4.1% (0.2%) |
| | | Equity ratio % | > 40% | 40% (45%) |

Source: Norwegian Ministry of Trade, Industry and Fisheries, 2022, p. 108.

Table 7.

Date reported on individual companies – Statkraft – 2022

| Statkraft (category 1, non-listed companies) | |
|---|---|
| Statement of comprehensive income (NOK millions) | Financial key figures |
| Net operating revenues | Operating margin (EBIT margin) |
| Operating result (EBIT) | Equity ratio |
| Result before tax | Return on equity |
| Tax charge | Average return on equity in the past five years |
| Minority interests | Financial income |
| Result after tax and minority interests | Share of profits from associates |
| Statement of financial position | Capital employed |
| Total assets 3 | Return on capital employed |
| - Of which cash reserves | Net cash flow from operations |
| Total equity | Net cash flow from investments |
| -Of which minority interests | Other key figures |

Cont. table 7.

| | |
|--|--|
| Total debt and liabilities | Number of employees |
| - Of which interest-bearing liabilities | Percentage of employees in Norway |
| Assets and dividend | Proportion of women in group: |
| Dividend for the financial year | - management/the company's |
| Dividend share | - management group |
| Average dividend percentage in the past five years | Percentage of women in the company, total |
| Dividend to the State | Greenhouse gas emissions (tonnes of CO ₂ equivalents) |
| Repayment of capital | Scope 1, Scope 2, Scope 3 |
| Capital contributions from the State | |

Source: Norwegian Ministry of Trade, Industry and Fisheries, 2022, p. 79.

The next table, 8, contains the state-set goals and the degree of their implementation for the company Statkraft (category 1, non-listed companies) for 2022. Statkraft is Europe's largest producer of renewable energy and a major player in the European energy market. The share of the Norwegian state in the shareholding structure of the company at the end of 2022 was 100%.

Table 8.

Date reported on individual companies – Goals and results - Statkraft – 2022

| Long-term goals | Indicator | Goals 2022 | Result 2022 (2021) |
|---|--|-----------------------------|----------------------------|
| Prevent corruption and unethical behaviour in all activities | Targets | No serious violation | 0 (0) |
| Deliver solid returns on investments | ROACE | 12% | 43.2% (22.4%) |
| Efficient operation of the Nordic hydropower portfolio | Realised prices compared to market price | 3.50% | 5.6% (9.0%) |
| increase capacity in renewable energy (hydro, wind and solar power) | New capacity (GW) | 9 GW by 2025 | 3.6 GW Cumulative (3.3 GW) |
| Greater diversity in terms of background, expertise and gender | Number of women in senior management positions | 35% by 2025 and 40% by 2030 | 33% (30%) |

Source: Norwegian Ministry of Trade, Industry and Fisheries, 2022, p. 79.

The scope of selected financial data reported for individual companies may slightly differ due to the specificity of the enterprise. The goals set for individual enterprises may be completely different for each enterprise and this results from the specificity of a given enterprise and belonging to particular categories.

Finland

According to the 103-page document for 2022 - "Report on State Annual Accounts 2022 Annex 4 State corporate holdings" (Publications of the Finnish Government 2023:52, 2023), the Finnish government had shares in 69 state-owned enterprises at the end of 2022 of which 35 were commercial companies and 34 were special assignment companies.

Of the 35 trading companies, 16 were listed companies: 4 were directly owned by the government, and 12 were controlled indirectly by Solidium Oy, a wholly owned company of the Finnish government.

All 69 state-owned enterprises were divided into 3 categories:

- Category 1 a: The State has exclusively, or almost exclusively, a strong investor interest in the company. When control is exercised through ownership, due consideration must be given to the control or influence associated with the State's holdings as well as the owner's risk and involvement in decision-making based on such holdings.
- Category 1 b: Aside from a strong investor interest, the companies in this category involve strategic interests that make it advisable for the State to remain a strong shareholder or take other steps to secure such strategic interests in case its holdings are decreased or relinquished.
- Category 2: As a shareholder, the State has a special interest in the companies included in this category related to regulation or statutory duties; these companies have a state-defined political or other mission related to business and industry or society, or they play some other special role.

At the end of 2022, there were 15 SOEs in Category 1a, 20 SOEs in Category 1b, and 34 SOEs in Category 2.

The 69 enterprises were supervised by 9 ministries and Solidum Oy. Most enterprises were supervised by The Ownership Steering Department of the Prime Minister's Office: 4 listed companies, 17 non-listed commercial companies, and 9 companies entrusted with special state.

In 2022, 69 SOEs employed 299,000 people, reported €144 billion in net sales, €12.1 billion in operating income, and capital expenditure amounted to €7.7 billion. The value of state direct holdings in 2022 was €41 billion (€47 billion in 2021). The companies (without enterprises held by Solidium) paid €9 billion in tax. In 2022, the State received a total of EUR 1.4 billion in dividends and share sale proceeds from its corporate holdings. The return on all state-owned listed companies was negative -14.5% (2.9% in 2021). The return on Solidium's portfolio was negative -9.0% (33.4% in 2021) and the return on the portfolio of the state's direct holdings was -16.2% (-4.6% in 2021). The share of women on the boards of directors of all state-owned companies was 47% (47% in 2021). In state-owned companies, the percentage of women in management teams was 41% (35% in 2021).

The state-owned enterprises in Finland report their financial and non-financial data in under the government policy contained in the report – "Revenue through responsible ownership. Government Resolution on the State Ownership Policy 8 April 2020" (Prime Minister's Office 2020, 2020). The document discusses, among others: policy, the objectives of the Finnish government as a shareholder in state-owned enterprises, the social responsibility of the activities of these enterprises, and the rules for remunerating members of boards of directors, CEOs and managers. Based on this document, the Finnish government prepares an annual report on the Finnish government's shares in state-owned enterprises (Report on State Annual Accounts. Annex 4 State corporate holdings). State-owned enterprises were divided into the previously mentioned 3 categories: category 1a, category 1b and category 2.

As a shareholder, the state expects companies to act responsibly and obliges boards of directors to accept responsibility and report at annual general meetings of shareholders. As a shareholder, the state requires companies to take corporate social responsibility and sustainable development into account in their business activities and implement a goal-oriented CSR policy. The state expects state-owned enterprises to lead in corporate social responsibility and sustainable development.

In addition, the state expects companies to comply with international CSR guidelines, and principles, where applicable. These include the OECD Guidelines for Multinational Companies, the TCFD Carbon Risk Reporting Framework, the Science-Based Targets initiative, the UN Global Compact, the ISO 26000 Guidelines on Social Responsibility, and the UN Principles on Enterprise and Human Rights.

Annual report on the operation of state-owned enterprises for 2022, “Report on State Annual Accounts. Annex 4 “State corporate holdings”, presents the summed-up of selected financial and non-financial indicators for all enterprises (Table 9), discusses the general principles of remunerating management and employees, appointing members of the board of directors, and presents individual public enterprises. The report does not provide information on all 69 SOEs, but only 52: 4 listed companies, 19 non-listed commercial companies, and 29 companies entrusted with special state.

Table 9.

Key figures for listed, non-listed and special assignment companies in 2022

| |
|-------------------------|
| Net sales (MEUR) |
| Operating income (MEUR) |
| Operating margin, % |
| Total assets (MEUR) |
| Equity ratio, % |
| Gearing, % |
| Return on equity, % |
| Return on investment, % |

Source: Publications of the Finnish Government 2023:52, 2023, pp. 34-36.

Table 10 presents the scope of financial and non-financial information of the listed, energy company Fortum Corporation with the State’s shareholding of 51.26%.

Table10.

Date reported on individual companies – Fortum Corporation

| Key financial indicators | |
|--------------------------|--------------------------------------|
| Net sales MEUR | Dividends received by the State MEUR |
| Operating income MEUR | Investments MEUR |
| Operating margin % | Total personnel at 31 Dec. |
| Equity ratio % | Tax footprint in Finland MEUR |
| Gearing % | MtCO ₂ e (Scope 1) |
| Total assets MEUR | MtCO ₂ e (Scope 2) |
| Return on equity % | MtCO ₂ e (Scope 3) |
| Return on investment % | |
| Dividend yield % | |

Source: Publications of the Finnish Government 2023:52, 2023, p. 45.

Sweden

According to the 126-page document for 2022 - “Annual Report for state-owned enterprises 2022” (Government Offices of Sweden, 2022, p. 12) the State’s enterprise portfolio consisted of 43 enterprises at the end of 2022. The supervision of over 43 enterprises was exercised by three ministers. The Ministry of Finance supervised the largest number of enterprises,

The supervisors of individual enterprises, together with their boards of directors, establish financial and public goals for these entities. Financial goals must be long-term, ambitious, and realistic. Financial goals include three indicators: return on equity (ROE), capital structure (financial leverage), and dividend paid. Of the 43 enterprises, 22 are entities implementing state public policy, which means that their goal is not to maximize financial indicators but to implement government policy. Implementation of the government’s public policy may mean supporting the development of culture, more sustainable consumption or the supply of medicines. For example, Systembolaget, an alcohol sales company in Sweden, reports 3 indicators: the Customer Satisfaction Index, the Alcohol Index, and the alcohol consumption report (liters per person/market share).

The value of the state’s direct shares in the 43 public enterprises in 2022 amounted to SEK 850 billion, which was SEK 30 billion more than in 2021. Sales revenues of all enterprises, employing 134,000 people, amounted to SEK 520 billion (including associates). All SOEs reported a net profit of SEK 23.3 billion (SEK 15.1 billion earned by LKAB) and paid dividends of SEK 23.0 billion to the state budget (SEK 49.7 billion paid in 2021). The largest dividends came from LKAB, at SEK 7.5 billion, and Vattenfall, at SEK 4 billion. Gross investments increased by 18.1% to SEK 57.3bn (48.5bn in 2021). In 2022 the share of women in board chairs and directors was 50%.

The document “Annual Report for state-owned enterprises”, prepared by the Government Offices of Sweden, is consistent with the guidelines contained in the document “State Ownership Policy and Principles for state-owned enterprises 2020” (Government Offices of Sweden, 2020). The current principles of state policy towards state-owned enterprises were published and adopted by the Swedish government on February 27, 2020, and replaced the previous regulations of December 22, 2016. The principles of state policy towards state-owned enterprises focus on three areas: the principles of government corporate governance (ownership) supervision, remuneration of senior officers, and external reporting. According to government policy, state-owned enterprises should focus on long-term development, and be efficient and profitable. They must perform in an exemplary manner in the area of sustainable business and in every other area in such a way that they enjoy the trust of the public. The principles of ownership policy apply to all state-owned enterprises with majority state ownership. In the remaining enterprises, i.e. those with minority state ownership, the state conducts dialogue with other owners to apply the government’s ownership policy. Every year, the government submits an annual report on state-owned enterprises to the Riksdag (Swedish

Parliament). The report aims to present the state's shares in state-owned enterprises, provide the value of these shares, and present the effects of managing these enterprises during the year. The report should include information on the implementation of the goals set for state-owned for a given year and information on compliance with government rules set for state-owned enterprises.

Under the principles of ownership policy, public enterprises are subject to the same regulations as private enterprises, including the Companies Act (2005:551), the Accounting Act (1999:1078), and the Annual Accounts Act (1995:1554). In addition, state-owned enterprises are obliged to prepare annual reports by the rules applicable to listed companies on the Stockholm Stock Exchange - Nasdaq Stockholm. This means, among other things, that state-owned enterprises are obliged to prepare an annual report on the remuneration of senior management staff by the guidelines for listed companies. This means, among other things, that state-owned enterprises are obliged to prepare an annual report on the remuneration of senior management staff under the guidelines for listed companies. SOEs also prepare a sustainability report by the Global GRI Standards or other internationally recognized guidelines.

The document - "Annual report for state-owned enterprises 2022", presents the summed-up of selected financial and non-financial indicators for all enterprises, discusses the general principles of remunerating management and employees, appointing members of the board of directors, and presents data on individual state-owned enterprises. Table 11 presents information about the aggregate data of all SOEs presented in the report for a period of 5 years.

Table 11.

Scope of aggregated data - all state-owned enterprises

| SEK bn | |
|--|--|
| Net sales (incl. any appropriation) | Total equity |
| Net sales incl. associates (incl. any appropriation) | Total assets |
| Profit before changes in value | Number of employees excl. associates (thousands) |
| Changes in value | Number of employees incl. associates (thousands) |
| Operating profit (EBIT) | Dividend |
| Profit before tax | Estimated value h) |
| Profit after tax | Return on equity (%) |
| Gross investments | Equity/assets ratio (%) |
| Cash flow from operating activities (excl. SEK and SBAB) | Dividend yield (%) |

Source: Government Offices of Sweden, 2022, p. 7.

The next Table, 12, presents the scope of financial and non-financial information of the non-listed company Vattenfall AB. The company is one of Europe's largest producers and retailers of electricity and heating and has around 19,000 employees. The enterprise's main markets are Sweden, Germany, the Netherlands, Denmark and the UK. State shareholding: 100.00%.

To sum up, the scope of information published by Swedish public enterprises is practically the same as that applicable to listed enterprises, i.e. very transparent. It is practically entirely consistent with the OECD requirements contained in the discussed document “OECD Guidelines on Corporate Governance of State-Owned Enterprises, 2015 Edition”.

Table 12.

Data scope – enterprise - Vattenfall AB

| Income statement, SEK m | Other key indicators |
|--------------------------------|---|
| Net sales | Operating margin, % |
| Operating profit | Return - equity, % |
| Profit before tax | Return - operating capital, % |
| of which, minority interests | Net debt/equity ratio |
| Balance sheet, SEK m | Equity/assets ratio, % |
| Total assets | Gross investments, SEK m |
| Noncurrent assets | Appropriation, SEK m |
| Equity | Divided, SEK m |
| - of which, minority interests | Carbon footprint (tCO ₂ e) |
| Net debt | Scope 1 |
| Operating capital | Scope 2 |
| | Scope 3 |
| | Sickness absence, % |
| | Average no. Of employees |
| | Reported in compliance with GRI - yes |
| | Reported in compliance with IFRS - yes |
| | A taxonomy report submitted - yes |
| | Climate targets set - yes |
| | Biodiversity targets set - no (in a process to set targets) |

Source: Government Offices of Sweden, 2022, p. 85.

France

In France, state-owned enterprises are supervised by the State Investment Agency (French: Agence des participations de l'État, APE), established in 2004 as a government agency. According to the report for 2021-2022 (Government Shareholding Agency (APE), 2021-22) of 48 pages, APE employed 55 people (49% women), including 32 senior executives and portfolio managers and 11 specialist and support staff.

At the end of June 2022, the market value of the French government's shares in 83 SOEs amounted to €128.4 billion, of which €64.6 billion in 11 listed companies (€25.4 billion were shares in the energy giant EDF).

Revenues from the sale of state-owned enterprises amounted to €140.59 billion, €23.16 billion less than a year earlier. In 2021-2022 SOEs reported a net profit of €6.97 billion (the previous year there was a net loss of €6.84 billion).

The largest 20 SOEs employed a total of 1.66 million workers. According to the report, 41% of people on boards of directors and supervisory boards were women. All 83 public enterprises contributed €2.085 billion to the state budget (dividends).

The 48-page report does not contain information about individual state-owned enterprises, only their list and some remarks about an individual company. The data contained in the report show that state-owned enterprises in France are of great importance to its economy and society. The report prepared by the State Investment Agency (French: Agence des participations de l'État, APE) contains a lot of information about the agency itself, which is important, but the very limited data about individual companies reduces the value of the report for comparative purposes.

Germany

The German report on state-owned enterprises was prepared by the Minister of Finance. The latest available report, "Report on Government Shares 2023" (German: Beteiligungsbericht des Bundes 2023), has 469 pages and covers 2022. According to the report, at the end of 2022, the German government held direct shares in 118 state-owned enterprises and special funds (73 in companies, 16 in cooperatives, and 29 in government funds) and indirect shares in 390 investments in which the federal government held at least 25 percent with nominal capital of at least EUR 50,000 (Bundesministerium der Finanzen, 2023a).

In 54 of 73 SOEs the government's share was above 50%, and 34 of them were so-called large companies, i.e. meeting 2 of 3 criteria: employing more than 250 people, balance sheet total above EUR 40 million, revenues above EUR 20 million. Supervision of these 118 public enterprises was exercised by 14 ministers and one Federal Government Commissioner for Culture and Media (German: Die Beauftragte der Bundesregierung für Kultur und Medien). The report does not contain aggregate data for all state-owned enterprises, such as sales revenues, profit, or the number of employees.

According to the report, at the end of 2022, the share of women in supervisory bodies, i.e. supervisory boards, administrative boards, and trustee boards, was 40.6% (39.8% a year earlier). In turn, the share of women in managerial positions was 28.4% in 2022, and 29.5% in 2021.

The report includes data on individual state-owned enterprises. Information about each company has a similar scope, and differences may result from the specificity of the company. The state's share in the shareholding structure and the state-owned enterprise's shares in other entities are provided. Additionally, the report contains information on the remuneration of individual members of supervisory and management boards. In addition, selected information from the Profit and Loss Account, Balance Sheet, and other indicators are provided. In the document, the report on Deutsche Bahn AG covers 4.5 pages. Table 13 presents the scope of data on Deutsche Bahn AG.

Table 13.*Date reported on individual companies - Deutsche Bahn AG*

| Profit and Loss Account | Balance sheet (in thousands of euros) |
|---------------------------------|--|
| Sales revenues | Total assets |
| Other income | Fixed assets |
| Cost of materials | Current assets |
| Personnel costs | including intangible assets |
| Other operational costs | including property, plant and equipment |
| Financial costs/income | Long-term liabilities |
| Annual result (net profit/loss) | Current liabilities |
| | Equity capital |
| | Accruals |
| | Other parameters |
| | Equity ratio (in %) |
| | Subsidies from the federal budget (€ thousand) |

Source: Bundesministerium der Finanzen, 2023a, pp. 173-177.

“The Government Shares Report 2023” (German: *Beteiligungsbericht des Bundes 2023*) is prepared following the Corporate Governance Code “Principles of Good Management of Enterprises and Investments by the Federal Government” (German: “Grundsätze guter Unternehmens- und Beteiligungsführung im Bereich des Bundes”), released for the first time in 2009. On September 16, 2020, the government approved a new version of the document - “Principles of good and active management of enterprises and investments by the federal government” (German: “Grundsätze guter Unternehmens und aktiver Beteiligungsführung im Bereich des Bundes”). In December 2023, a new document was issued (updated version from 2020) replacing the one from 2020 - “Principles of Good Corporate Governance and Active Participation Management in the Federal Sector” (German: *Grundsätze guter Unternehmens- und aktiver Beteiligungsführung im Bereich des Bundes*).

The version from 2023 (193 pages) consists of two parts (Bundesministerium der Finanzen, 2023b):

The first part - the “Federal Code of Corporate Governance” (German: *Public Corporate Governance Kodex des Bundes, PCGK*) - is addressed to companies and their bodies. It supplements the legal provisions on the management and supervision of federally owned companies with additional standards of good and responsible corporate governance.

The second part - “Guidelines for active investment management in companies with federal participation” (German: *Richtlinien für eine aktive Beteiligungsführung bei Unternehmen mit Bundesbeteiligung*) is addressed to federal bodies entrusted with investment management or preparing members of supervisory bodies.

6. The state-owned enterprises in Poland

State-owned enterprises play a key role in Poland from the point of view of the economy and the state budget. In 2021, over half a million employees were employed in 669 SOEs (direct and indirect shares of the State Treasury in SOEs). In 2022, the capital expenditure of only 19 selected companies amounted to PLN 45.2 billion. In 2022, state-owned enterprises paid PLN 28.9 billion to the budget in excise duty, PLN 21.0 billion in VAT, and PLN 15.4 billion in corporate income tax (Ministerstwo Aktywów Państwowych, 2023, p. 3-24).

Until the end of 2016, state-owned enterprises were supervised by one state authority, i.e. the Ministry of the Treasury. At the time of the liquidation of the Ministry of the Treasury, the Minister of the Treasury supervised 432 companies. The Regulation of the Council of Ministers of January 3, 2017, on the list of companies in which the rights attached to State Treasury shares are exercised by members of the Council of Ministers, Government plenipotentiaries, or state legal persons other than the Prime Minister, decentralized ownership supervision over enterprises with State Treasury participation. From that moment, supervision over 432 enterprises previously supervised by the Minister of the Treasury was transferred to 10 ministers.

As of March 31, 2024, there were 397 state-owned enterprises in Poland in which the State Treasury had direct shares (Figure 2). Of the 397 companies, 27 were in the bankruptcy process, 41 were in the liquidation process, and 20 were not conducting business.

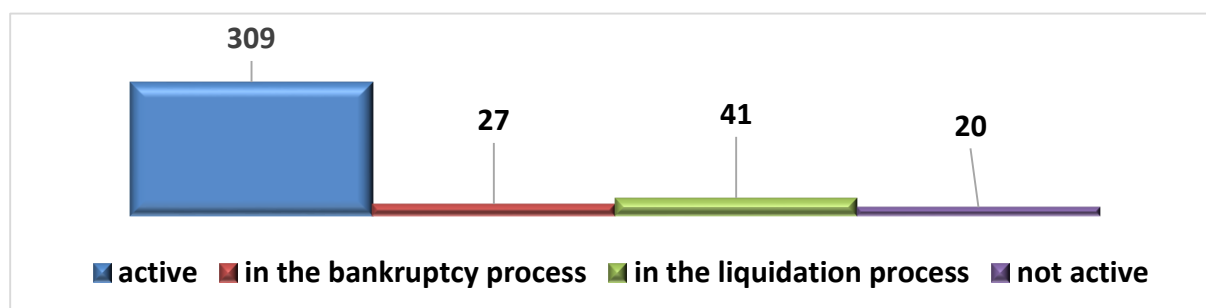


Figure 2. Number of state-owned enterprises as of March 31, 2024.

Source: Serwis Rzeczypospolitej Polskiej, 26.06.2024.

The 397 SOEs were supervised by 17 government bodies and entities (Figure 3). The largest number, 126, of companies were supervised by the Minister of State Assets. Industrial Development Agency S.A. supervised 71 companies, and the National Real Estate Resource 41 companies.

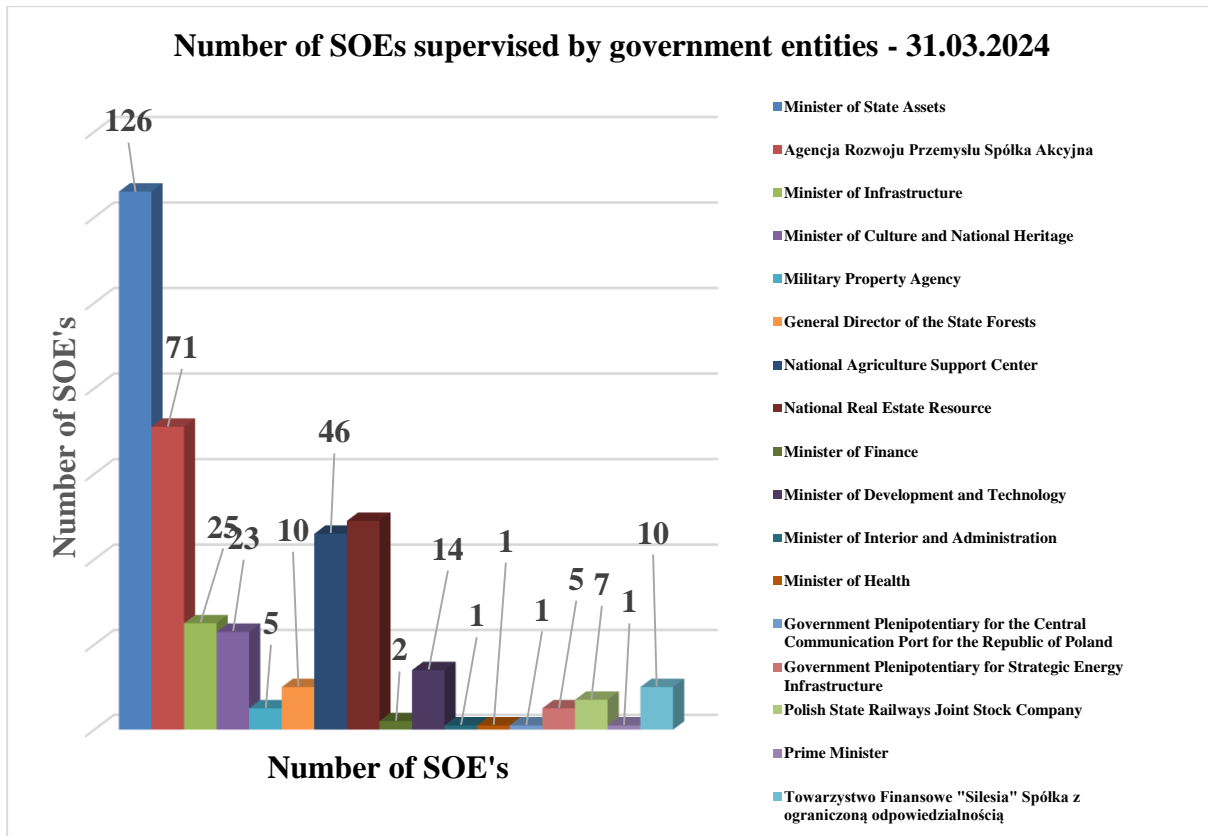


Figure 3. Number of SOEs supervised by government entities as of March 31, 2024.

Source: Serwis Rzeczypospolitej Polskiej, 26.06.2024.

As of June 26, 2024, the State Treasury held shares in 18 listed companies worth PLN 125.4 billion. In 11 of them, the State Treasury had direct shares worth PLN 104.3 billion, and in 7 companies indirect shares, through state-owned enterprises, worth PLN 21.1 billion (Figure 4).

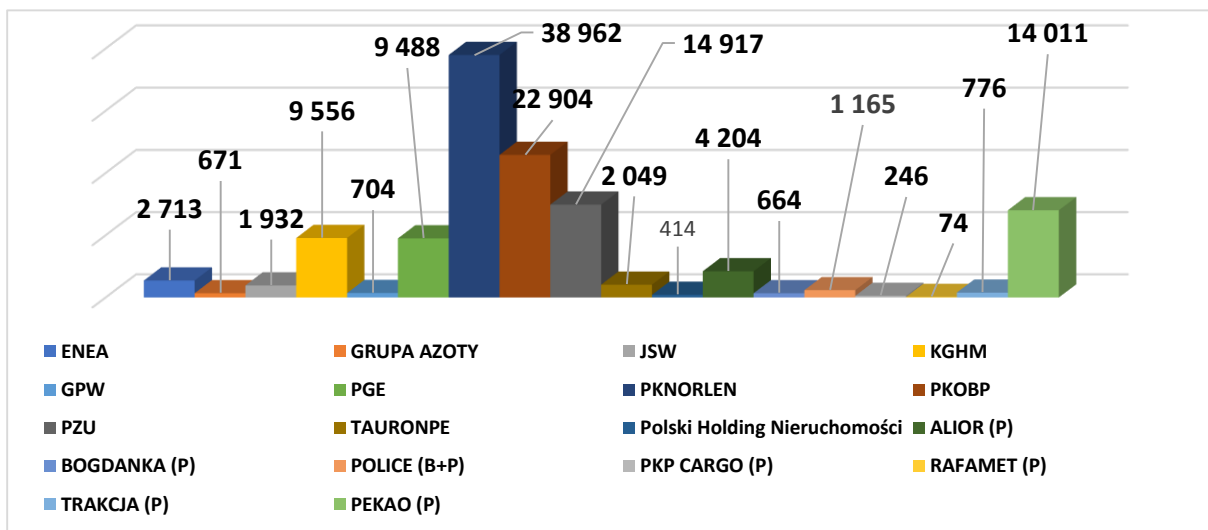


Figure 4. The value of direct and indirect State Treasury shares in listed state-owned enterprises on the Warsaw Stock Exchange - as of June 26, 2024.

Source: Bankier.pl, Retrieved from <https://www.bankier.pl/gielda/notowania/akcje>, 26.06.2024. own calculations.

7. Summary

One of the elements of corporate governance is an aggregated report on SOEs prepared by the appointed government body. As mentioned earlier, in the OECD Guidelines on Corporate Governance of State-Owned Enterprises (OECD, 2015, p. 25) the recommendation VI.C (Disclosure and transparency) states that “The ownership entity should develop consistent reporting on SOEs and publish annually an aggregate report on SOEs”.

Table 14 presents the results of the analysis of aggregated annual reports on SOEs from the 5 analysed countries. The data shows that the most detailed report is the German one, containing 469 pages, on average 4 pages for the description of one company. In turn, the French report has the fewest pages, 46, with an average of 0.6 pages per company.

Table 14.

The Annual aggregated reports on SOEs - summary

| | Norway | Finland | Sweden | France | Germany |
|---|--------|---------|--------|--------|---------|
| 1. Annual aggregate reporting on the entire SOE sector (examples) | | | | | |
| Nr of pages in the report for 2022 | 86 | 103 | 126 | 46 | 469 |
| Nr of SOEs | 69 | 69 | 43 | 83 | 118 |
| Average number of report pages per 1 company | 1.2 | 1.5 | 2.9 | 0.6 | 4.0 |
| SOEs categories | 2 | 3 | 2 | 0 | 0 |
| Setting goals and reporting their achievement | yes | no | yes | - | - |
| 2. Aggregated data on all SOEs (examples) | | | | | |
| Market or book value of the states shares | yes | yes | yes | yes | no |
| Revenues | yes | yes | yes | yes | no |
| Operating profits/losses | yes | yes | yes | yes | no |
| ROE | yes | yes | yes | yes | no |
| Dividends paid to the State | yes | yes | yes | yes | no |
| Investments | no | yes | yes | yes | no |
| Number of employees | yes | yes | yes | yes | no |
| Proportion of women in management | yes | yes | yes | yes | yes |
| 3. Separated data on individual SOEs (examples) | | | | | |
| Goals and results | yes | no | yes | no | no |
| Selected items from the balance sheet and income statement | yes | yes | yes | no | yes |
| Equity ratio | yes | yes | no | no | yes |
| Return on Equity (ROE) | yes | yes | yes | no | no |
| Greenhouse gas emissions (tonnes of CO ₂ equivalents) | yes | yes | yes | no | no |
| Proportion of women in management | yes | yes | yes | no | yes |

Source: Own work based on tables from 5 to 13.

Only two reports, Swedish and Norwegian, provide annual goals for individual companies and the degree of their implementation.

Finnish, Norwegian, and Swedish SOEs were divided into categories (from 2 to 3), i.e. pursuing commercial, commercial-public, and public purposes. In turn, aggregated data on all or almost all SOEs were included in 4 reports, apart from the German report. Of these 4 reports, the French report contained the least aggregated data. The scope of information reported on individual SOEs is similar in Sweden, Norway, and Finland.

In the French report, there was almost no information about an individual SOE but the German one was very detailed.

To sum up, the best among the presented annual reports are the Swedish and Norwegian reports. The next place is taken by the Finnish report, which unfortunately does not contain information about the goals set for SOEs and the degree of their implementation. In third place is the German report, which deserves special attention for number of pages (469) and published data on the earnings of individual members of supervisory and management boards. The main disadvantage of this report is the lack of aggregated information for all SOEs. The French report is the least useful for comparative analysis because in fact, this report concerned the agency supervising SOEs, i.e. the State Investment Agency (French: Agence des participations de l'État, APE).

The analysis of 5 reports allows for the following conclusions to be drawn regarding the scope of data for the Polish report on SOEs:

- Aggregated values (financial and non-financial data) for all SOEs, including employment, sales revenues, financial result, dividends paid to the budget, CO₂ emissions, return on equity ratio (ROE), value of SOEs divided into stock exchange value (listed companies) and accounting value (non-listed companies).
- Financial and non-financial information about individual companies, including selected items of the balance sheet and profit and loss account, employment, dividends paid, investment expenses, ROE ratio, CO₂ emissions, set goals and the degree of their implementation, information on the remuneration of supervisory board members and management boards.

Due to the large number of SOEs in Poland, it may be decided that the consolidated data will concern companies that are not micro or small entities within the meaning of the Accounting Act (Ustawa z dnia 29 września 1994 r. o rachunkowości, Dz.U. 1994, nr 121, poz. 591).

In Poland, SOEs should be divided into 4 categories:

- Category 1a - companies with commercial targets, strategic ones for the State
- Category 1b - companies with commercial targets, the State is planning to sell the shares of these entities,
- Category 2 - companies with commercial-public targets, strategic ones for the State
- Category 3 - companies with public purposes, strategic ones for the State.

After the assignment of the appropriate categories to Polish SOEs will be possible to set goals for them.

A good solution would be to introduce in Poland the obligation to report the remuneration of members of supervisory and management boards of all SOEs. Information on these remunerations would then be included in the aggregated annual report (the information on the remuneration of members of the supervisory boards and management boards is in the German report).

What are the reasons for the absence of aggregated reports in some countries, including Poland?

State-owned enterprises are usually a “cash cow” for the ruling political parties in Poland and a trophy for the party winning the elections. Many politicians say that SOEs are necessary for the functioning of the country. The lack of an aggregated report on SOEs is particularly beneficial for the ruling party in the situation of deteriorating financial results of these companies.

According to stakeholder theory, stakeholders are “any group or individual that can influence or be influenced by a corporation as a result of achieving its goals” (Freeman, 1984). The most important stakeholders interested in the annual aggregated report on SOEs is theoretically the Polish society and minority shareholders. However, politicians who are stakeholders of SOEs are not willing to publish such reports for other stakeholders.

In turn, according to the theory of property rights. Representatives of property rights see the reasons SOEs exist in ideological factors, lack of sufficient information about the effects of SOE’s performance, and sometimes in the interest that some politicians may have in the form of access to certain positions (Iwanek, Wilkin, 1998, pp. 105-119.).

As of today, it is not even known what the exact number of SOEs in Poland is. According to Figure 2, as of March 31, 2024, there were 397 SOEs (Serwis Rzeczypospolitej Polskiej, 26.06.2024). However, according to the report of the Minister of State Assets (Ministerstwo Aktywów Państwowych, 2023), there were 669 SOEs in 2021 and these were enterprises employing 10 or more people keeping accounting books, with a direct and indirect share of the State Treasury above 10%. However, there is no list of these companies available anywhere. Therefore, the number of 669 does not include 109 companies out of 397 that were in the government database as of March 31, 2024, in which the State Treasury held less than 10% of shares (Serwis Rzeczypospolitej Polskiej, 26.06.2024). Of course, this database does not include subsidiaries of these 397 SOEs. Therefore, an aggregated annual report would sort out the problem of the number of SOEs.

This situation may be changed by another stakeholder, i.e. Polish society, by demanding the publication of such a report. Thanks to the report, the public would know the value of SOEs, and their annual financial results contained in one document.

Introducing the obligation to prepare the report by the Minister of State Assets and present it to the Sejm is only one of the elements of improving ownership supervision over these entities.

Another solution to consider is the use of the Swedish model for SOEs on external reporting recommended by the OECD, in which SOEs report following the requirements for listed companies.

Of course, moving from the point where there is no aggregated annual report to the point where not only there is such a report, but also non-listed SOEs report under the requirements for listed companies requires a lot of time and pressure on the politicians of the stakeholder, which is the Polish society.

The article aims to propose the scope of information that should be included in the annual report on the performance of state-owned enterprises in Poland to improve the corporate governance over them. Improvement of the corporate governance over SOEs by introducing an annual aggregated report on their performance will benefit all their stakeholders, particularly Polish society.

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