

State Chancellery  
Republic of Latvia

# Corporate governance of State-owned enterprises in Latvia

Riga, 26.11.2024

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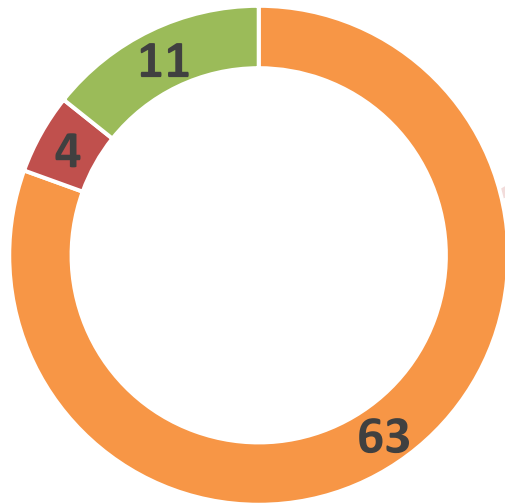
- 1. Latvia's ownership portfolio**
- 2. Implementation of the OECD SOE Guidelines in Latvia**
- 3. Further development of corporate governance of SOEs**



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# Latvia's ownership portfolio

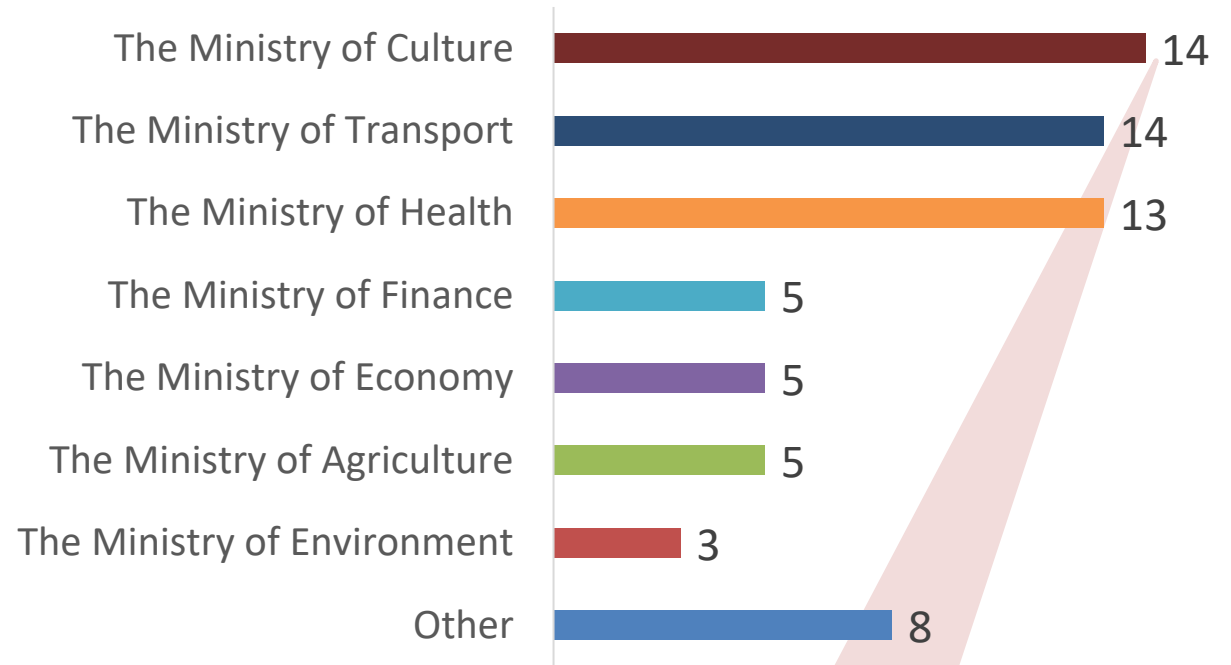
## SOEs



- 100% SOEs
- >50% - <100%
- Minority shareholdings

- Mainly 100% owned
- No listed SOEs

## SOEs shareholder distribution



- Culture sector: theaters and other as SOEs
- Health sector: hospitals as SOEs



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## **2. Implementation of the OECD SOE Guidelines in Latvia**



## Implementation of the OECD SOE Guidelines in Latvia (2015)

Clearly defined strategic goals for each SOE

Every five years evaluation of state ownership

Clear financial and non-financial goals

Each SOE has a medium-term action strategy

Transparent and active supervisory boards

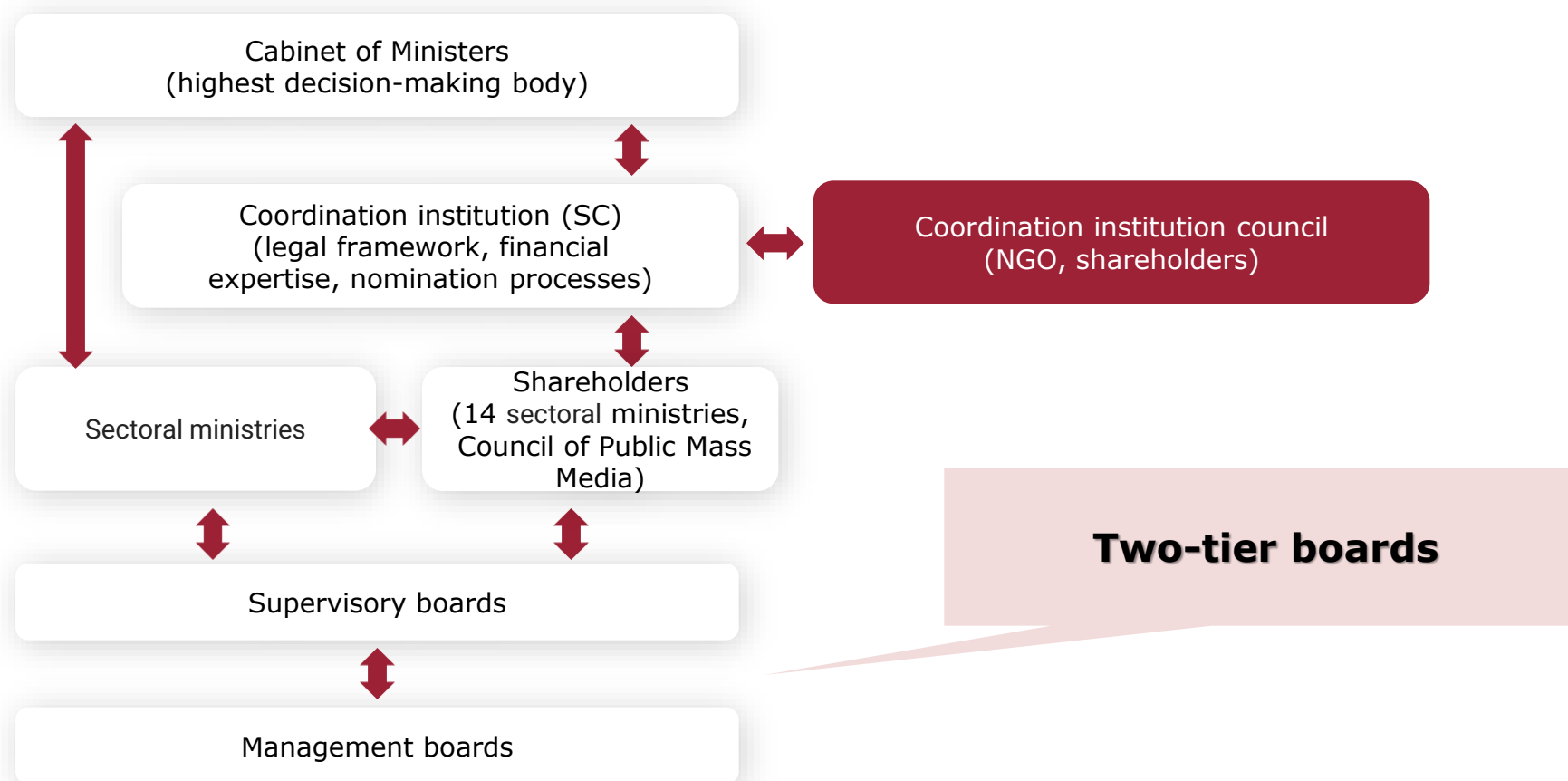
Transparent and professional nomination process

Transparency and disclosure (webpages of the SC, line ministries and SOEs)

Annual aggregated report on SOEs



# Partly decentralized Model Coordination institution model





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# IMPLEMENTATION OF RECOMENDATIONS (2015-2016)

- Boards of directors in all large commercially oriented were elected by the end of 2016
- Evaluation of Medium-term strategies SOEs has been started
- Evaluation of performance and operation results of SOEs has been started
- Annual aggregated report on SOEs was prepared
- A coordination institution was approved and began to perform its duties



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## **3. Further development of corporate governance of SOEs**



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# Research and project results to improve corporate governance of SOEs

External evaluations ►



- Remuneration guidelines, regulation

- Report to the OECD on implementation

- Proposals on governance changes

- Proposal on centralization of SOE ownership

- Report on proposals for use of capital market instruments

- Report on dividend policy
- Report on SOE innovations

- Report on optimal capital structures/ financial instruments

Reports to Cabinet,  
Legal acts ►

Adjustments in SOE Law, Public Administration Law, government regulations and guidelines



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# The Owner's Expectation Letter

**The OEL** is an instrument by which the owner/shareholder defines the SOEs:

- ✓ **Broad mandate**
- ✓ **Strategic goals**
- ✓ **Categorization of SOE**
- ✓ **Financial and non-financial goals**
- ✓ **Other public policy goals and targets**, for example sustainability, corporate governance and R&D activities



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# Sustainability reporting

Non-financial reporting that enables companies to convey their progress toward goals on a variety of sustainability parameters, including environmental, social and governance metrics, as well as risks and impacts they may face, at the moment or in the future



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**Paldies par uzmanību!**

2024