

## TRANSPARENCY METHODOLOGY OF STATE-OWNED ENTERPRISES IN UKRAINE – LIST OF EVALUATION CRITERIA

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### **Project**

The project "Promoting transparency and implementation of anti-corruption measures in state-owned enterprises and local governments in Ukraine" is implemented by the Institute for Economic and Social Reforms in Slovakia (INEKO) in partnership with the International Centre for Policy Studies (ICPS). The initiative is financially supported by the Official Development Assistance of the Slovak Republic (SlovakAid). The project aims to improve the efficiency of the state administration, self-government and civil society in the area of creation and oversight of regional policies, administration of state-owned enterprises, and monitoring of budgets and information openness of local authorities in Ukraine.

### **Ukrainian legislation on data publication and transparency**

**Resolution of Cabinet of Ministers of Ukraine No. 1067 (November 9, 2016) "On Approval of the Procedure for the Publication of Information on the Activities of State Unitary Enterprises and Economic Associations, in the authorized capital of which more than 50 percent of the shares belong to the state, as well as to business entities, 50 percent or more of the shares of which belong to business entities, the state's share in which is 100 percent".**

According to it, the enterprise or business entity publishes information about its activities by placing the documents and materials containing such information on its own web page, along with other information about the company.

In case of absence of the company's own web page, such information is placed on the official web site of the subject of management of objects of state property.

The enterprise also publishes information regarding the use of public funds on a single web-portal on the use of public funds in accordance with the requirements of the Law of Ukraine "On the openness of the use of public funds" (<https://spending.gov.ua/>).

### **The Commercial Code of Ukraine (Articles 73 and 90).**

The following information is subject to mandatory disclosure:

- the objectives of the state unitary enterprise and the state of their achievement;
- quarterly, annual financial statements of the state unitary enterprise for the last three years;
- audit findings on the annual financial statements of a state unitary enterprise for the last three years if the audit was conducted in accordance with the requirements of the law;
- the statute of the state unitary enterprise in the current edition, as well as in the earlier versions;
- biographical information (including a professional description) of the head of the state unitary enterprise;

- biographical information (including professional characteristics) of the members of the supervisory board (in case of its formation);
- annual reports of the supervisory board and the head of the state unitary enterprise;
- structure, principles of formation and remuneration of the head and members of the supervisory board of the state unitary enterprise;
- decision of the subject of management of objects of state property with regard to the state unitary enterprise;
- description of significant predictable risk factors that may affect the operations and performance of the state unitary enterprise and measures to manage such risks;
- information about the contracts, which is subject to the publication in accordance with the Law of Ukraine "On the openness of the use of public funds";
- information on transactions and liabilities of the state unitary enterprise with the state and / or local budgets, state and / or local institutions, enterprises and organizations.

### **Methodology**

The data for the transparency rankings will be collected from the official websites of the selected companies and with the help of requests for public information.

The transparency will be evaluated in 6 key areas: I. Transparency and Access to Information; II. Economic Indicators; III. Public Procurement and Property; IV. Human Resources Policy; V. Ethics and Conflict of Interests; VI. Grants and Charity Policy.

The weights are the following:

- I. Transparency and Access to Information – 30%
- II. Economic Indicators – 20%
- III. Public Procurement and Property – 20%
- IV. Human Resources Policy – 10%
- V. Ethics and Conflict of Interests – 10%
- VI. Grants and Charity Policy – 10%

The points of the individual indicators are presented in the Table 1. More points will be given to obligatory information for disclosure according to Ukrainian legislation (See the provided table - bold font).

Overall ranking of a company will range from 0 % to 100 %. The ranking will show not only the total percentage score of a company but also the score for individual policy areas. The ranking will also show grades for easier comparison; these will be assigned based on the following scale:

Grade: A+ (80-100%); A (75-79%); A- (70-74%); B+ (65-69%); B (60-64%); B- (55-59%); C+ (50-54%); C (45-49%); C- (40-44%); D+ (35-39%); D (30-34%); D- (25-29%); E+ (20-24%); E (15-19%); E- (10-14%); F (0-9%).

Moreover, on the basis of the results of the Ranking of Transparency in companies owned by public sector a short list of recommendations will be published on the portal.

**Table 1. The list of the evaluated indicators for Ukrainian SOEs**

#	Transparency Criteria for State-owned Enterprises of Ukraine	Source	Max points
	<b>TRANSPARENCY AND ACCESS TO INFORMATION (category weight 30%)</b>		<b>60</b>
1	Does the enterprise have a Web page?	web	3
2	Does the company publish the general information about its activity (mission, objectives, products and services etc)?	web	3
3	<b>Does the company list its objectives and the state of their achievement?</b>	web	5
4	Does the company publish its contacts?	web	3
5	<b>Is the company's statute/articles/memorandum of association/charter published?</b>	web	5
6	Does the website list a contact for requests for information or has a feedback form?	web	3
7	Is there any contact information of enterprise Administrator/Manager and its responsible people available on the Web page enabling the public to require information/send requests to the enterprise?	web	3
8	Did the company reply to the information request in accordance with law and in a timely manner?	web	3
9	Is it possible to find the annual report within three clicks from the company's homepage?	web	3
10	Does the enterprise publish the reports on a quarterly basis?	web	3
11	Is it possible to search and copy in the annual report?	web	3
12	<b>Does the enterprise publish the contracts?</b>	web	5
13	Is it possible to search and sort the mandatorily-published contracts?	web	3
14	Does the company also publish non-mandatory contracts concerning the subject of their business or activity stated in the companies' registry?	web	3
15	Does the company publish notices and invoices?	web	3
16	Is it possible to search and sort the data on the notices and invoices?	web	3
17	Does the company publish the results of general meetings?	web	3
18	Are the outcomes of Management Board/General Assembly meetings (decisions, protocols) published on the Web page?	web	3
	<b>ECONOMIC INDICATORS (category weight 20%)</b>		<b>60</b>
1	<b>Does the company publish the annual report for the last year on its website?</b>	web	7
2	<b>Does the company publish its balance sheets, profits and losses for the last year on its website?</b>	web	7
3	<b>Does the company publish the annual reports for the past three years on its website?</b>	web	7
4	<b>Does the company publish its balance sheets, profits and losses for the past three years on its website?</b>	web	7
5	Does the company publish at least biannually economic indicators such as revenues, expenditures, loans, profit/loss, and property on its website?	web	5
6	Does the company publish on its website plans of performance criteria (plans), such as revenues, profits or indicators concerning the subject of its business activity for the current period?	web	5

7	<b>Does the company publicly evaluate the fulfilment of performance criteria (to demonstrate the percentage of fulfilment of plans), such as revenues, profits or indicators concerning the subject of its business activity?</b>	web	7
8	Does the annual report contain analytical comparisons of financial indicators, number of employees and information regarding its own economic activity for at least the past three years?	web	3
9	Are the analysis of economic and financial indicators and the evaluation of enterprise economic and financial outcomes published on the Web page?	web	3
10	Does the SOEs publish the information on transactions and liabilities of the state unitary enterprise with the state and / or local budgets, state and / or local institutions, enterprises and organizations?	web	3
11	Does the enterprise make public the net value of its assets?	web	3
12	Does the company website say what percentage of shares the owners of the company have?	web	3
<b>PUBLIC PROCUREMENT AND PROPERTY (category weight 20%)</b>			<b>60</b>
1	Does the company have rules for the sale and rent of property and have these been provided?	web	8
2	<b>Does SOE publish the decision of the subject of management of objects of state property with regard to the state unitary enterprise?</b>	web	12
3	Are the annual public procurement plans (intention announcements) made public?	web	8
4	Does the company publicize offers to sell or rent property on its website?	web	8
5	Does the company publicize the results of selling or renting the property on its website?	web	8
6	Does the company use e-auctions?	web	8
7	Does the company publicize the results of e-auctions?	web	8
<b>HUMAN RESOURCES POLICY (category weight 10%)</b>			<b>60</b>
1	Does the company's website state its current number of employees?	web	5
2	Does the company provide the rules for appointing employees?	web	5
3	Does the company publish job offers also elsewhere than on its website?	web	5
4	Does the company publish the employment and promotion opportunities?	web	5
5	Does the company publish the results of selection procedures?	web	5
6	Does the company publish the information on the trainings and the authorities, who trained the stuff?	web	5
7	<b>Does the website disclose the names of managers in the executive management, directorate and supervisory board?</b>	web	7
8	<b>Does the company provide information on its website regarding the education, previous employment and skills of the director as stated in his CV?</b>	web	6
9	<b>Does the company disclose on its website the CVs of members of its directorate and supervisory board?</b>	web	6
10	<b>Does the SOE publish annual reports of the supervisory board and the head of the state unitary enterprise?</b>	web	6
11	Did the company provide information regarding the salary and bonuses of managers in the executive management, directorate and supervisory board?	web	5

	<b>ETHICS AND CONFLICT OF INTERESTS (category weight 10%)</b>		<b>60</b>
1	<b>How does the company solve a risk of corruption and its prevention (Code of Conduct or another document)?</b>	web	12
2	Does the company have a Code of Ethics regulating the conduct of the employees?	web	6
3	Does the Code of Ethics address conflicts of interests?	web	6
4	Do they have an Anticorruption programme?	web	6
5	Does the company publish non-financial reports (CSR on ecology, economy, social spheres)?	web	6
6	Does the company have on its website a contact for communication and reporting the conflicts?	web	6
7	Does the enterprise has a digital mechanism in place to report non-ethical behaviours and corruption acts (hot-line, online form, etc.)?	web	6
8	Did the company show willingness to address an anonymous enquiry?	web	6
9	Does the company have any mechanisms of whistleblowers protection?	web	6
	<b>GRANTS AND CHARITY POLICY (category weight 10%)</b>		<b>60</b>
1	Does the company have written rules for assigning grants and donations or does the company declare on its website that it does not provide them?	web	15
2	Does the enterprise publish the information on grant, donation and sponsorship amounts and on their beneficiaries on its Web page?	web	15
3	Is the archive of financially-supported subjects public?	web	15
4	Did the company provide information regarding sporting, cultural or educational events supported by the company?	web	15
<b>61</b>	<b>TOTAL</b>		<b>300</b>