



# Compensation for shareholders of State Treasury companies

Objectives set by the State Treasury to the management boards of state-owned companies are not always in line with the best commercial interest of the companies themselves and their other shareholders.

As a consequence, the company value goes down. The chart above shows the impact of the WIG20 companies on the WIG20TR index value between January 2019 and January 2020.

## 01 EXAMPLE

Due to political reasons and related government decisions, a state-controlled company cancelled power and green certificate purchase agreements concluded with wind farm operators. As a result, contractors have brought numerous actions for stating the invalidity of cancellation notifications of the power and green certificate purchase agreements. The total value of claims exceeds PLN 400 million.

## 02 EXAMPLE

A bank granted a loan to an unprofitable company, against the bank's internal risk assessment procedures and recommendations of its lending committee. The company, however, was a contractor of enterprises linked with the representatives of the bank's majority shareholder having a dominant position in its supervisory board.

A member of the management board is liable to the company for damage caused by acts or omissions in breach of the law or the provisions of the statutes (Article 483 para 1 of the Commercial Companies Code, KSH).

The interest of the company prevails over the interest of the shareholder (even the majority shareholder) and consists primarily in achieving the best return on the capital invested.

If the company does not bring any action for a redress of damage caused to it within one year of the date on which the act causing the damage is discovered, **each shareholder** may file a statement of claim for a redress of damage caused to the company (Article 486 of the Commercial Companies Code, KSH).

