1. INTRODUCTION

With around eight thousand operational organisations reaching 13% of the total turnover of active companies, almost a million employees, over five thousand local administrations included in the share hold base, and a ubiquitous presence in the provision of local services, publicly owned companies have assumed a primary role in the economic, social and political life of the country (Italian National Institute of Statistics [ISTAT], 2020). The economic stability of traditional stakeholders such as employees and suppliers, the quality of life of numerous citizens, the economic balance of participating administrations, and, more generally, the level of efficiency and efficacy of a large part of public spending depends upon their performance and seamless functionality. This context generates a multitude of legitimate inquiry exigencies, spread between organisations that are extraneous to the direct management of the companies for which they are reporting entities, and, as described unanimously in accounting literature, must draw up their balance sheets while adhering to the highest

National and international accounting literature and established accountancy laws now agree that the nature of invested resources, and — above all — pursued objectives, can modify the accountability of state-owned enterprises. This accountability is characterised as being of public interest, and the efficacy of the statutory accounts model derived from the chosen business plan is consequently reduced. Based upon this hypothesis, the present work proposes an evaluation of the mandatory accounting regulations for Italian state-owned enterprises via an evaluation of compliance with the OECD guidelines regarding “disclosure and transparency” (Organisation for Economic Co-operation and Development [OECD], 2015). Although the work substantially evidences compliance with the majority of OECD recommendations, it also highlights a concentration of non-compliance in areas regarding company performance statements. Italian regulations appear to be excessively bound to a measurement of economic-financial earnings and these data are often unsuitable for expressing the effective achievement of the objectives that companies should pursue.

Keywords: State-Owned Enterprises, Disclosure, Transparency, Quality, Financial Reporting

Authors’ individual contributions: Conceptualization — F.C., M.S., and M.S.; Methodology — F.C., M.S., and M.S.; Data Curation — F.C., M.S., and M.S.; Writing — Original Draft — F.C., M.S., and M.S.; Writing — Review & Editing — F.C., M.S., and M.S.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.
qualitative standards, even when this results in a notable increase in production costs (Ball, 1988; McAhey & Ramsay, 1989). The subject has not escaped the attention of the Organisation for Economic Co-operation and Development (OECD), which has confronted the problems of state-owned enterprises (SOEs) on numerous occasions, by formulating specific governance recommendations (OECD, 2005) and by commissioning direct studies to analyse and evaluate the entity of the phenomenon (Christiansen, 2011; Kowalski, Büge, Sztajerowska, & Egeland, 2013; OECD, 2017). Finally, an entire section of the latest Guidelines on Corporate Governance of State-Owned Enterprises (OECD, 2015) has been dedicated to disclosure and transparency and in 2020 OECD published a report about national approaches towards implementation of Chapter VI of the Guidelines on Corporate Governance of State-Owned Enterprises (OECD, 2020).

Although OECD guidelines are not mandatory for member states, they certainly represent a best practice that each country should respect in order to guarantee the usefulness of SOE financial statements at various government levels, and for public administrations in general. Based on these premises the present work proposes an evaluation of the mandatory accounting regulations for Italian state-owned enterprises via an evaluation of compliance with the OECD (2015) guidelines regarding “disclosure and transparency”.

The remainder of the paper is structured as follows. Section 2 is dedicated to the description of the methodology used. Findings are presented in Section 3, and Section 5 concludes the paper.

2. METHODOLOGY

The research methodology was based on a detailed analysis of the OECD guidelines of November 2015 regarding “disclosure and transparency” (Table 1).

![Table 1. Recommended practices in the area of SOE disclosure and transparency](image)

<table>
<thead>
<tr>
<th>Level of compliance</th>
<th>Motives for compliance/non-compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliant</td>
<td>No difference</td>
</tr>
<tr>
<td>Largely compliant</td>
<td>Little differences</td>
</tr>
<tr>
<td>Partially compliant</td>
<td>Moderate differences</td>
</tr>
<tr>
<td>Non-compliant</td>
<td>Significant differences</td>
</tr>
<tr>
<td>Not applicable</td>
<td>Not applicable to a country’s specific legal, environmental or institutional structure</td>
</tr>
</tbody>
</table>

A subsequent comparison was made between these guidelines and the mandatory accounting regulations for Italian state-owned enterprises. As for other methodologies used by the OECD, the level of compliance was assessed on the basis of the evaluation scale shown below (Table 2).

Table 2. Rating scale for evaluation compliance with OECD guidelines

3. RESULTS

3.1. Compliance with OECD guidelines on balance sheet minimum content

The proposed guidelines regarding the obligatory minimum content to be communicated may be usefully grouped into two specific areas: performance and governance.

### 3.1.1. Performance area

A clear statement of enterprise objectives and their fulfilment: The actual structure of a company financial statement is principally aimed at measuring performance as related to the earning of profits for the company owners. In this context, the earnings expressed in the balance sheet are a trustworthy indicator of the level to which objectives have been achieved, and as such may be correctly utilised to measure company performance. When objectives change, however, and above all when they assume policy-making importance, a system centred on earnings and capital measurement is no longer sufficient to measure overall company performance (Walker, 1990; Pallot, 1992; Airoldi, Brunetti, & Coda, 2003; Marchi, 2011). The question is fundamental. Companies that do not have money-making objectives do not necessarily meet their objectives if they pursue profits and/or generate a cash flow. For these same reasons, it cannot be said that objectives have not been reached when losses have ensued. In Italy, state-owned enterprises are not founded as profit-making organisations because they are intended as producers of goods and services that are strictly necessary to achieve the institutional objectives of...
Although Italian regulations require an obligatory statement of financial and operational results, the responsibility for measurement of the costs necessary for the realisation of public policy objectives is completely lacking. Fulfillment of specific public interest objectives imposed by political reasoning may mean forcing the adoption of decisions that lack a degree of economic rationality regarding the cost-earnings dynamics of a specific company. Specifying the costs necessary for the pursuit of these objectives would have the merit of isolating economic and financial performance from expenses devolved from social and/or policy decisions already defined by economics doctrine as inappropriate burdens that constitute policy conditions that cannot be reasonably introduced into private company management and which entail specific public shareholder expenditures for state-owned enterprises (Saraceno, 1975). These burdens, which are as valid now as they were then, cannot and must not be confused with company running costs. Where this happens, the formation of “islands” of management inefficiency justified by generic references to the influence of policy or social choices is formed, and evaluation of the effective sustainability of such choices is impeded, resulting in a risk of passing on the relative costs to successive generations.

To summarise, Italian regulations with regard to the guidelines under consideration are once again judged non-compliant.

Financial assistance, including guarantees, received from the state at a local or national level, and the correlated entities: If links with government departments can often generate inappropriate burdens that damage SOE performance, these same links can often generate various types of aid and assistance. For this reason, OECD requests that SOE financial statements include a clear and exact presentation of all the agreements existing between the company and public administration, including guarantees, subsidies, or other incentives, and any form of commitment assumed by the State in relation to company obligations. Adequate information is also required in relation to any form of public-private partnership, with particular regard to those pertaining to the creation of infrastructure and the provision of public services. Experience has shown how the conditions of apparent balance based upon which of those agreements are signed often rapidly degenerate and this can lead to asset imbalances that must be suitably represented in the budget.

Article 1, comma 125-bis of Law 124/2017 requires that companies listed in Article 2195 of the Italian Civil Code, publish in the financial statement notes and any consolidated financial statements, the amounts and the information about grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and free of consideration, remuneration or compensation nature, to the same actually disbursed by the public administrations (referred to in Article 1, paragraph 2, of Legislative Decree No. 165 of March 30) and by the subjects provided by Article 2-bis of Legislative Decree 14 of March 2013, Number 33. Companies who prepare the financial statements pursuant to Article 2435-bis of the Italian Civil Code and those not required in any case to the drafting of the notes

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1 https://www.normattiva.it/uri-nes/NLs/vm/nr.state.decretel.legisveto:2016-08-19/1757vgs

2 A similar program has been in place in Australia for some years. Regulations require state-owned enterprises to publish a Statement of Corporate Intent, in which the following information for all state controlled and associated companies is clearly expressed: a) objectives; b) main commitments; c) nature and objectives of the activities to be undertaken; d) accounts policies; e) performance objectives and other performance measurement indicators that may be used to compare achieved results with assigned objectives. At the end of the year, administrators are required to present an annual report on company activities and the activities carried out by fully controlled or associated companies. This report must contain all the information necessary to enable an analysis of the objective achievement level included in the Statement of Corporate Intent. It is evident how this kind of document would be particularly suitable for measuring the performance of many Italian state-owned enterprises, and without doubt, for all those engaged in providing public services. In many of those sectors, performance indicators sharing has for some time been a widely used practice, and studies proposing benchmarks to usefully compare current and past data from company sources that can help to obviate the limits posed by considering company earnings as a measurement of performance (Capalbo, Finno, Mollica, & Palumbo, 2014).

In addition, adoption of such a report would allow full compliance with OECD guidelines for the declaration of objectives.
to the financial statements, fulfill the obligation by publication of the same information, by June 30 of each year, on their own websites.

It can, therefore, be concluded that with respect to this recommendation, Italian legislation must be judged partially compliant.

3.1.2. Governance representation area

Any material foreseeable risk factors and measures taken to manage such risks: This recommendation stems from the awareness that state-owned enterprises are very often subject to ambitious strategies corrupted by the presence of non-business targets. The pursuit of these objectives may expose significant risks that become even more intense for companies such as utility suppliers that operate in sectors subject to wide-ranging regulatory and economic changes. For these reasons, the OECD requires representation of financial and operational risks, and those risks related to the environment, safety at work, and tax dynamics.

In this regard, Article 2428 of the Italian Civil Code already requires all companies, including public or administrated enterprises, to provide a description of the principal risks and uncertainties to which the company is exposed and then provide technical standards that suggest how these risks may be reduced. The law also requires administrators to perform a faithful, balanced and comprehensive analytical review of the company situation, along with information relating to the environment and to staff. With respect to this discipline, the unified code, noting the frequency with which public enterprises have found themselves facing the problem of continuity in recent years, requires the provision of specific corporate crisis risk assessment programs (Article 6, Legislative Decree 175/2016).

As a result, it is believed that for this recommendation Italian legislation should be considered compliant.

Remuneration of board members and key executives: From the OECD perspective, the urgency for in-depth disclosure of administrator royalties is linked to the risk that lack of information may result in a backlash for public ownership. The OECD, therefore, requires that state-owned enterprises fall fully into line with listed companies by clearly representing both remuneration details and the procedures followed for their determination.

In this regard, comma 16 of Article 2427 of the Italian Civil Code imposes that the sum of royalties payable to directors and statutory auditors be indicated in the integrated notes but considers a cumulative representation for each category to be sufficient. The vagueness of the code prescription is however remedied by the transparency rules provided for by Law Decree Number 33 of March 14, 2013, and its extension to state-owned enterprises. Article 15 (paragraph 1, section d), in fact, provides for “the obligation of publicising royalties, however, defined, conferred in aggregated form relative to managerial roles, along with an account of the total annual expenditure through indication of the highest and lowest payments” unless the company or institution duly identifies the organizational bodies that carry out activities in the public interest within the scope of its structure. In this last case, all compensations from each of these organisational bodies must be indicated for all responsible executives”.

Italian legislation can, therefore, be certainly considered compliant with regard to the requirement to indicate remuneration amounts; however, in comparison to what takes place for listed companies in Italy, it fails to indicate procedures for the determination of such payments. Following the publication of the OECD recommendations, it is, therefore, desirable that the obligations for listed companies stipulated by Article 123-ter of the Consolidated Finance Act regarding the indication of royalties to be accompanied by disclosure of remuneration policies, be extended to state-owned enterprises.

Ultimately, it is, therefore, possible to consider Italian legislation compliant with the examined OECD recommendation.

Board member selection process: Clear representation of the procedures followed for the selection of managers in state-owned enterprises is one of the ways in which to avoid the risk of choices being made, or perceived as being made, solely on the basis of company policy decisions. The problem is a painful reality in Italy, and successive regulatory interventions have been made both to curb the transfer of politicians into state-owned companies after completion of their service at the national or local level, and also to block the appointment of directors and/or politicians who, when covering roles in state-controlled enterprises or subordinate companies, find themselves embroiled in a conflict of interests. The establishment of an obligation to communicate selection procedures would be in full agreement with both specific OECD guidelines and the existing legal requisite that qualifies a high-level management nomination as an act that implies a sophisticated level of discretion and as such must be supplemented by detailed motivations (TAR Lombardia, section I, sentence number 1483/2012).

The management report annexed to the financial statement could therefore contain a paragraph concerning the adopted selection procedures that could more easily confirm compliance with the numerous legislative initiatives that have gradually established incompatibility conditions between managers and the directors of state-owned enterprises having current or previous roles as politicians.

At the present time, there is no obligation to furnish this kind of information along with the balance sheet, consequently, current legislation must be considered non-compliant with respect to the guidelines. However, Article 11 of Legislative Decree 175/2016 requires that if the company has a collegial administrative body, the bylaw must provide that the choice of directors is carried out in compliance with the criteria established by Law 12 of July 2011, Number 120.

Any financial assistance, including guarantees, received from the state at a local or national level, and the correlated entities: State-owned enterprises often establish numerous transactions with the internal capital holders. In such cases, the Civil Law Code appears well prepared as it foresees: a) a separate presentation within the balance sheet of credits and debts relative to the parent company,
administered companies, and associated bodies; b) a description of existing relationships with these bodies in the management report; c) an indication in the integrated account notes giving detailed information relative to transactions with related parties that have not been concluded under normal market conditions, along with separate commitments with respect to the parent company. The experience of recent years, however, has often provided numerous examples of misalignment between credit and debt entries in the investee and public-owned partner budgets so much so that legislators with Law Decree 95/2012 and Legislative Decree 118/2011 obliged national entities to include results stemming from the verification of credit and debt transactions between management entities and associated and controlled companies in the management report attached to the integrated statement. In this sense, it may be useful to provide a level of detail beyond that of a mere indication of the total amount of credits and debts toward subsidiaries and associated companies provided by the current balance sheet layout, by possibly furnishing an analytic breakdown of reciprocal credits and debt details. Moreover, in the light of that established by a recent opinion of the autonomies (Section 2/2016), the verification of such transactions as laid down by Article 11, comma 6, letter J of Legislative Decree 118/2011 must be subject to independent legal revision by both the national entity and the state-owned enterprise itself.

It should be noted, however, that the OECD requires an indication of every government transaction, at both central and local levels, while civil legislation only considers transactions with administrations having a stake in company capital.

In summary, Italian legislation may be considered largely compliant with respect to this recommendation.

Any relevant issues relating to employees and other stakeholders: In many cases, state-owned enterprises have been true reserves within which, thanks to decentralised contracting, certain classes of workers — or more often executives — have been guaranteed completely favourable conditions compared to those existing in the rest of the public sector to which they ultimately belong. It is, therefore, considered that the OECD recommendation in question is particularly appropriate for the specific Italian situation. To this end, important steps forward were made by Law Decree 33/2013 which obliges associated companies to make available on websites: a) the number and annual costs of staff and data on absenteeism; b) national contract staff categories; c) the regulations and the general rules governing personnel selection and the documents and information relating to the start of each single selection procedure; d) criteria for the distribution of rewards and the aggregate amount of actually distributed premiums (only for subsidiaries).

The information requested by the OECD recommendations is however more extensive than those required by Law Decree 33/2013, as they also comprise the modes of employee participation in social organizations and training programs as well as other particulars relating to relations with other stakeholders such as creditors, suppliers, and the local community.

In summary, it is believed that with regard to the recommendation, the Italian legislation should be considered partially compliant.

The governance, ownership, and voting structure of the enterprise, including the content of any corporate governance code or policy and implementation processes: The Italian Civil Code does not provide for the obligation to provide a list of members in the budget, also because those who wish to acquire similar information could refer to the companies register, and it is also true that the integrative note produced by state-owned enterprises invariably includes a list of all partners. An increasingly rare and completely optional requirement is for the voting system to be included in the financial statement. There is no mandatory requirement to supply any voting system details relative to a company powerbase decided by ways provided for by normal company rules of operation.

As regards the second part of the recommendation, however, namely the obligation to indicate any code of governance that has been adopted, the discourse is more articulated. Many companies, although not obligated, make the organization, management, and control model and the adopted Code of Ethics as provided for by Law Decree 231/2001 available on their websites. This decree actually grants companies the possibility of obtaining an exemption from administrative responsibility for crimes committed by apical or subordinate bodies provided that they have adopted an organizational model drawn up on the basis of codes of conduct produced by associations representing the parent company and that these codes also provide for the adoption of a specific code of ethics and its publication. However, the adoption of organizational models ex Law Decree 231/2001 remains optional for state-owned enterprises inasmuch as ANAC Determination 8/2015 seems to indicate a substantial, yet not formal, the requirement to do so.

Yet the public nature of the resources used by these companies certainly increases the ethical dimension of business activities and requires that the verification of legal compliance is recognized as a priority step. More recently, Article 6 of the unified code regarding state-owned enterprises (Legislative Decree 175/2016), has made it compulsory only for publicly controlled companies, to indicate their corporate governance codes of conduct and/or adhesion to collective codes of conduct disciplining entrepreneurial behavior relating to consumers, users, employees and coworkers, and also other owners of legitimate interests involved in company activities.

Therefore, particularly in light of the recent unified code, Italian legislation can be considered largely compliant with respect to this recommendation.

3.2. Compliance with OECD recommendations for revision and control

Annual financial statements should be subject to an independent external audit based on high-quality standards: The OECD requires that state-owned enterprises, or at least the larger of these companies, are always subject to an external audit carried out on the basis of international auditing
standards and specifies that this review cannot be replaced by other forms of control exercised by the State also through supreme audit institutions (e.g., Government Audit Office).

Until recently in Italy, there was no specific legislation about control obligations and external audits for subsidiaries, which in fact remained entirely subject to the civil disciplinary code. This allowed the exploitation of all existing options for reducing obligations for external control of smaller companies, such as the possibility of completely avoiding the constitution of a board of statutory auditors or reducing it to a single member (as in the case of limited companies) or to entirely avoid the appointment of an auditor, entrusting not only the legal review but also accounting control to the Board of Statutory Auditors. Those options, however, are granted on the basis of the shared presumption that the limited size of private companies generally corresponds to a significant reduction in cognitive external interests; this presumption may not automatically extend to state shareholder businesses, especially if, as would normally be expected, these pursue objectives of public relevance. In relation to investee companies, the recent decision by Parliament through the unified code rules out the possibility that businesses may be constituted without a board of statutory auditors even when formed as a limited liability company and establishes a requirement for an external auditor whereby it has forbidden that statutory audit may be entrusted to the Board of Statutory Auditors has been favourably received.

Finally, it must be noted that the introduction of the unified code should result in a definite improvement even in internal control systems where one or more administrations exercise control over state-owned enterprises. Article 6 of Legislative Decree 175/2016 requires that, without prejudicing the operation of the bodies provided for by law or statutes, these companies are called upon to evaluate the opportunity of integrating internal control systems with the introduction of:

a) internal regulations aimed at ensuring compliance with canvassed rules protecting competition and industrial or intellectual propriety, in addition to regulations regarding unfair competition;

b) an internal audit office is required to constantly report management regularity and efficiency to statutory audit bodies;

c) code of conduct;

d) programs of corporate social responsibility.

Moreover, the single text stipulates that any decision not to introduce these tools should be analytically motivated.

These aspects allow Italian legislation with respect to this recommendation to be judged compliant.

3.3. Compliance with OECD guidelines regarding publication of annual balance sheet

Information limits conceded to small businesses may not be extended to companies providing public services: In general, literature and practices are unanimous in believing that the imposition of an obligation to draw up a high-quality balance sheet in full compliance with all accounting principles (General Purpose Financial Statements) can be justified only for reporting entities, i.e., those entities consisting of dependent users, or external subjects interested in the fate of the company, which have no tools outside of the budget that allows them to be informed. It follows that, where there are sufficient reasons to believe that certain bodies should not qualify as reporting entities, the granting of forms of differential reporting allowing budget production costs to be reduced must be sanctioned (Knutson & Wichman, 1984; Carsberg, Page, Sindall, & Waring, 1985; McCahey & Ramsay, 1989; Di Pietra, 2005; Faux & Wise, 2004; Sorrentino, 2012).

On the other hand, identifying the presence of dependent users is anything but easy and obviously cannot be accomplished directly; it must be carried out on the basis of indicators. Consolidated practice admits the use of two indicators: 1) type of finance (listed or unlisted); 2) company size, as forms of differential reporting are generally provided for small businesses and for businesses not directly dealing in the capital market. This is also the Italian situation, where with respect to the general rules laid down for capital companies, listed companies have more obligations and those of smaller size are given the benefit of an abbreviated form of budget (Articles 2435-bis c.c. and 2435-ter c.c.).

However, in a public shareholder company or in a company that pursues public objectives, the presence of dependent users is endemic, and smaller-sized businesses are certainly not excluded. It is, therefore, considered that, as holds true for all public shareholder companies, publicly-owned enterprises with public works responsibilities should also be considered reporting entities and should never be allowed the benefits of an abbreviated form budget — even when civil law may admit such opportunities. Today though, thanks to the provisions of Article 2435-bis of the Italian Civil Code, many companies draw up financial statements in abbreviated form; in doing so, these businesses actually betray the spirit of the law while respecting the letter of the law, and this should not be allowed to happen. For this reason, it seems absolutely out of place that similar simplifications are granted to public companies because of size considerations (Capalbo, 2012), and the position expressed by the OECD totally excluding the possibility of extending any form of differential reporting to publicly-owned enterprises that pursue goals of social or public significance.

In summary, Italian legislation must be generally considered non-compliant with respect to the specific OECD guideline.

The report must be compiled annually with recourse to intensive web-based communications in order to facilitate information access by all parties: The Civil Code provides only for the deposit of the budget in the company register and not for publication on a website, but the extension of the provisions of Law Decree 33/2013 to state-owned

1 With reference to privately-owned companies the choice of the legislator is absolutely acceptable. Experience teaches that in the vast majority of cases where the company is of small dimensions, management is the direct expression of the majority shareholder (Gnan, Airoldi, & Montemerlo, 1998; Demartini, 1999; Vigani, 2007).
enterprises ensures compliance with the OECD requirement. By reason of the provisions of Article 29 of the aforesaid legislative decree, public shareholder companies and associated businesses are now obliged to publish financial statements in both aggregated and simplified form on their websites.

Overall, Italian legislation may be judged largely compliant with respect to the recommendation in question.

4. CONCLUSION

The analysis carried out in the preceding paragraphs and summarised in Table A.1 (Appendix), highlights how, despite the relative newness of the OECD recommendations published in November 2013, Italian legislation is not far off from the mark from the indications provided by the international organisation. The positive results achieved in the areas of governance, control, and publicising must, no doubt, be largely due to subsequent interventions with which the Government, first with Legislative Decree 33/2013 and then Legislative Decree 175/2016, has integrated the guidelines into the Italian Civil Code.

There is a concern, however, regarding the concentration of non-compliance in the performance measurement area. A company that respects all applicable regulations and ensures operations are completely legal but is not capable of achieving its assigned objectives may damage public resources to a greater extent than that caused by individual acts of corruption and/or misappropriation.

These findings highlight the need to assure a greater level of compliance in the performance measurement area also considering what has been stated by the OECD (2020), “a high quality of transparency and accountability is the very basis of any sound corporate governance regime. Information disclosure and higher standards of accountability in SOEs, can contribute to improved efficiency and performance of SOE” (p. 11).

Future studies could investigate Italian state-owned enterprises’ behaviors using a sample of them and also analyze the state of the art in other countries.

REFERENCES


**APPENDIX**

Table A.1. Synopsis of Italian government compliance with the OECD recommendations on disclosure and transparency

<table>
<thead>
<tr>
<th>Balance sheet minimum content</th>
<th>Level of compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance area</td>
<td></td>
</tr>
<tr>
<td>A clear statement to the public of enterprise objectives and their fulfilment.</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Enterprise financial and operating results, including where relevant, the costs and funding arrangements pertaining to public policy objectives.</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Indication of any material or financial aid received from public sources.</td>
<td>Partially compliant</td>
</tr>
<tr>
<td>Governance area</td>
<td></td>
</tr>
<tr>
<td>Any material foreseeable risk factors and measures are taken to manage such risks.</td>
<td>Compliant</td>
</tr>
<tr>
<td>The remuneration of board members and key executives.</td>
<td>Compliant</td>
</tr>
<tr>
<td>Board member selection process.</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Any financial assistance, including guarantees, received from the state at the local or national level, and the correlated entities.</td>
<td>Largely compliant</td>
</tr>
<tr>
<td>Any relevant issues relating to employees and other stakeholders.</td>
<td>Partially compliant</td>
</tr>
<tr>
<td>The governance, ownership, and voting structure of the enterprise, including the content of any corporate governance code or policy and implementation processes.</td>
<td>Largely compliant</td>
</tr>
<tr>
<td>Audit regulations</td>
<td></td>
</tr>
<tr>
<td>Annual financial statements should be subject to an independent external audit based on high-quality standards.</td>
<td>Compliant</td>
</tr>
<tr>
<td>Data publication</td>
<td></td>
</tr>
<tr>
<td>Information limits conceded to small businesses may not be extended to companies providing public services.</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>The report must be compiled annually with recourse to intensive web-based communications in order to facilitate information access by all parties.</td>
<td>Largely compliant</td>
</tr>
</tbody>
</table>