



IMPLEMENTING SRD II

COUNTRY BRIEF: SLOVAKIA

KEY TAKEAWAYS

- The primary law implementing the Shareholder Rights Directive II took effect on July 1, 2019.
- New say-on-pay votes are introduced, a binding vote on the remuneration policy and an advisory one on the remuneration report.
- The approved remuneration policy should be published by March 31, 2020 at the latest.

EU DIRECTIVE
2007/828/EC
REGARDING THE
ENCOURAGEMENT OF
LONG-TERM
SHAREHOLDER
ENGAGEMENT (SRD II)

In response to the global financial crisis, the European Commission proposed a revision of the original 2007 Shareholder Rights Directive.

The [revised Shareholder Rights Directive II \("SRD II"\)](#), which took effect in June 2017, seeks to reinforce effective and long-term shareholder engagement and monitoring of company performance.

KEY NEW REQUIREMENTS OF SRD II

The Directive is subdivided into three main chapters



VOTING CHAIN

- Companies should have access to the identity of shareholders without delay.
- Transmission of information that enables the exercise of shareholder rights should be made in electronic and machine-readable formats.
- Intermediaries are required to facilitate the exercise of shareholder rights, including confirmation that shareholder votes were recorded and counted accurately.



TRANSPARENCY

- Engagement policies of institutional investors and asset managers
- How shareholder engagement is integrated into investment strategy, including how voting rights were exercised
- Institutional investors' investment strategies and arrangements with asset managers
- Proxy advisors shall disclose a reference to the code of conduct they apply and report on the application of that code.



REMUNERATION & RPTs

- Shareholders will have the right to express their views on executive pay.
- Separate votes on the remuneration report and remuneration policy.
- The European Commission will provide non-binding guidance about the presentation of the remuneration report.
- Rules on transparency and approval process of related-party transactions.

SHAREHOLDER RIGHTS DIRECTIVE II

In response to the 2008 global financial crisis, the European Commission proposed in April 2014 a revision of the original 2007 Shareholder Rights Directive in 2014. The revised Shareholder Rights Directive ("SRD II"), which took effect in June 2017, seeks to reinforce effective and long-term shareholder engagement and monitoring of company performance. Both elements were lacking during the crisis when many companies took on excessive risks in the pursuit of short-term returns. EU member states were called upon to amend their laws to comply with SRD II by June 10, 2019. As of Feb. 26, 2020, 20 EU member states had implemented SRD II into their local legislations.

IMPLEMENTING SRD II INTO SLOVAKIAN LEGISLATION

A number of acts, in particular Act No. 156/2019 amending Act No. 513/1991 Coll. The Commercial Code and certain acts were accepted in order to implement SRD II in Slovakia. The most important components of SRD II transposed to the Slovakian law are detailed below.

Identification of Shareholders

In line with the SRD II, issuers will be allowed to request the identification of shareholders holding more than a certain percentage of shares or voting rights. Such a percentage shall not exceed 0.5 percent. The Slovakian regulator preserved the threshold set in SRD II. This amendment will take effect on Sep. 3, 2020.

Transmission of Information

In order to enable shareholders to exercise rights deriving from their shares, the intermediaries are required to transmit without any delay information to shareholders. This amendment will take effect on Sep. 3, 2020.

Facilitation of Shareholder Rights

The company should publish the results of the voting on its website within 15 days after the general meeting stating how the company evaluated and counted the votes attached to its shares for voting results associated with each item on the agenda. Moreover, the company is obliged to confirm receipt of votes by electronic means to the person who exercised voting rights.

Transparency of Institutional Investors

Institutional investors and assets managers are required to disclose their engagement policies on their website and provide a yearly overview of implementation of the engagement policy.

Transparency of Proxy Advisors

Proxy advisors are required to publish on their websites a code of conduct which they follow and report on the application of the code and update this information at least once a year. Upon partial or full non-compliance, the proxy advisors should publish the reasons why full compliance was not achieved on their website.

Right to Vote on the Remuneration Policy and Report

The remuneration policy should be submitted at the general meeting for shareholder approval upon each substantial change thereof or at least every four years. The policy covers not only members of management and the supervisory board but also a non-member acting at the highest level of management of the company (if any) and his/her representative. The annual remuneration report for the last financial year should be submitted for shareholder approval at the general meeting as a part of the annual report. The board of directors is obliged to submit at the general meeting for the first time a remuneration report starting after July 1, 2019. The approved remuneration policy should be published by March 31, 2020 at the latest.

Transparency on Related-Party Transactions

Related-party transactions are subject to approval by shareholders at the general meeting.

Effective Date
July 1, 2019
GM Notice Period
30 days
Availability Remuneration Report
30 days
Policy Vote
Binding
Report Vote
Advisory
RPT Vote
Yes



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