

Serbia is the last country in the region to have started the process of corporatization of its electric power company. Namely, the national electric power companies of Croatia and Montenegro, HEP and EPCG, have already gone through the organizational changes currently implemented by the EPS.

By the adoption of all required documents, the process of corporatization of the Electric Power Industry of Serbia has finally been initiated. Practically, the introduction of a unified management of business processes and procedures on the level of the EPS system has begun.

According to the previous way of organization, the Electric Power Industry as a system was not authorized to organize the operation within its subsidiaries. The companies functioning under its umbrella were practically organized according to their founding documents which did not recognize the EPS as a whole, but defined them as independent economic entities. Back in 2005, by a Government Decision, the management of transmission systems was separated from the Electric Power Industry of Serbia and the public enterprise for electricity transmission - The Power Grids of Serbia (EMS) was founded.

On the other hand, in accordance with the Energy Law, on 1<sup>st</sup> July 2013, the Electric Power Industry of Serbia founded the public enterprise EPS Supply, thereby separating the activities of electricity supply and distribution. This move was necessary for implementing the second phase of market liberalization, because this means that all suppliers should use the distribution network, i.e. the services of the distribution system operator.

The Serbian Government has adopted amendments to the founding documents of subsidiaries, but also to the corporatization plan. Among other things, by mid-2016, the EPS should be transformed from a public enterprise into a joint stock company. The change of legal form into a joint stock company is otherwise a condition for achieving the Government plan about a minority strategic partner.

In accordance with the Company Law, the EPS management bodies are the Supervisory Board and the Executive Board of Directors, with the EPS director at the helm. With the change in the EPS legal form, a Shareholders Assembly will be created. The state will remain the majority owner of the EPS, whereas 15 percent of the capital will belong to the adult citizens of Serbia. The EPS employees and former EPS employees will get seven to eight percent of shares. When the Shareholders Assembly has been founded, the entire company management will be moved from the Government to it. This is the biggest change that will ensue from the corporatization. Thereat, it should be taken into account that the Government as the majority owner of the EPS, on behalf of the state, will also have the majority in the Shareholders Assembly. However, the key question is who, in addition to the state and the minority shareholders, will become the owner of the portion of shares to be offered on the stock exchange.

At the end of April, the Government gave its approval that the Electric Power Industry of

Serbia should prepare a new jobs classification in this system. In the national electric power company itself, it has been announced on several occasions that they already abolished 43 director positions, as well as that, on 1<sup>st</sup> July this year, the number of companies operating within the EPS will be reduced from 14 to three.

“The mentioned number of directors refers only to the head office; I expect this number of directors to also be reduced along the depth now. Any change is difficult, particularly in the systems such as the EPS, because there is inertia and a high resistance to establishing changes. Many people thought that 1<sup>st</sup> July, as the key date for the EPS, would not happen. All preliminary activities have been done, and we have obtained all Government approvals for the corporatization to actually take place. Within these changes, the greatest emphasis will be put on changing the structure of employees, considering that the EPS has a large number of employees in administration, and, on the other hand, it also has significant needs for mounters, engineers, miners.