



Policy Brief

From changing names to practical solutions

rules-based management as
the benchmark of corporate
governance reform

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Executive Summary

The policy brief examines the government's actions regarding Ukraine's state-owned energy enterprises (SOEs) — an attempt to mitigate the governance crisis revealed by the «Mindichgate» scandal. This is a high-profile corruption scandal named after businessman Timur Mindich. Individuals linked to Mindich allegedly gained de facto control over Energoatom, the state nuclear power operator, enabling large-scale financial abuses, while the company's supervisory board appeared unable to exercise effective oversight over emerging corruption risks.

At first sight, the government's decision to reset the supervisory boards demonstrated political acknowledgment of the problem. However, analysis by the Ukraine Facility Platform (UAFP) shows that the core issue is not the personalities of board members, but the continued practice of systematic manual, discretionary control over SOEs' business activities. As outlined in UAFP's study, [«Roots of Corruption in Ukraine's Energy Sector,»](#) this practice undermines effective management and remains the major source of persistent corruption risks in the energy sector, especially in wartime.

UAFP examined whether the «post-Mindichgate» board reset has addressed these practices. **The findings show that, despite some procedural changes, the underlying governance setup remains largely intact.**

Regulatory changes were fragmented and incomplete, and corporate charters have not been harmonised across companies. Wartime «transitional» rules continue to allow non-competitive appointments, and selection processes remain vulnerable to conflicts of interest. Recruiters are still paid by the very companies they recruit for, leaving room for undue influence. The board member selection process lacks a strategic competency framework, leading to boards that are not capable of effective leadership. Frequent changes to selection regulations, combined with the manual management of board member appointments, are the main reasons for the appointment of **unqualified board members.**

The combination of these factors, unfortunately, leads us to conclude that the major source of persistent corruption risk remains intact.

The remaining risks should be addressed in line with the Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance for State-Owned Enterprises.

Thus, UAFP recommends, inter alia:

- creating a unified, transparent appointment system;
- ensuring independent funding and rotation of recruitment firms;
- formalising the role of international partners in nominations;
- harmonising SOE charters across companies, including clarifying board decision-making powers and competences;
- ensuring a competency-based board composition framework that provides oversight across the company's critical functions and risks.

The core problems and UAFP recommendations

To rebuild trust, limit political interference, and improve state ownership, the Government should focus on structural reforms rather than symbolic changes. International partners should assess progress not by the number of individuals replaced, but by concrete reforms in the system: clear rules, consistent procedures, and institutional safeguards governing appointments and oversight.

It is high time for a sector-wide, non-selective rollout of corporate governance reform. The Government should introduce a clear pathway to phase out transitional rules and implement comprehensive corporate governance reform across key companies in the energy SOE portfolio.

UAFP has identified key weaknesses in the current approach and elaborated concrete recommendations that will support genuine corporate reform, not a façade:

1. Opaque appointments to supervisory boards

The institutional set-up behind appointments remains largely unchanged. Recruiters associated with previous, criticised selection processes are still involved (e.g., «Amrop Ukraine» for Energoatom), and the nomination committees are composed of the same individuals. This creates a heightened perception of conflicts of interest.

Another problem is that SOEs can select and pay their own recruiters. This gives operational management leverage over the appointment of those meant to oversee them.

The recommendation:

Introduce a transparent board formation and secure independent funding for recruiters

- Define a single standard for all supervisory board appointments, with clear stages, timelines, decision criteria, and publication of results.
- Each selection process should be open and transparent, using a shortlist methodology and clear tracking of the decision-making process.
- Rotate recruitment firms and apply the same rules across different SOEs to prevent capture, reduce dependence on any single provider, and ensure that the selection and appointment process is predictable and auditable.
- Finance the recruitment process through international financial institutions or donor funding, not from the SOE's budget.
- In the medium term, standardise contracting and payment terms and introduce

separate state budget financing for SOE recruitment. This would eliminate company-level leverage over recruiters and keep the process financially independent.

2. Patchwork charters of energy SOEs

Ukraine's SOEs operate under fragmented corporate governance frameworks, defined by a wide variety of charters that are inconsistent and frequently amended. These arrangements enable political interference, artificially limit supervisory board powers, and bypass good governance principles.

The recommendation:

Standardise SOE charters

- Reduce the current patchwork of charters by aligning SOE charters with the recently adopted corporate governance law that defines supervisory board powers and responsibilities.
- Require unambiguous voting rules and ensure that supervisory boards appoint executive boards and CEOs by a simple majority, not by qualified majorities or other thresholds that can preserve ministerial control.
- Where necessary, use specific charter models for different legal forms of SOEs, while ensuring that these core decision-making principles are reflected in all of them.

3. Two-track appointments weaken board quality

Supervisory boards are appointed without a clear definition of the skills and competencies required of their members. Even where appointments are competitive, supervisory board members rarely possess the full range of competencies needed for effective oversight. This is further reinforced by a two-track approach for independent members and state representatives, which can turn state seats into default placements rather than merit-based choices.

The recommendation:

Build merit-based boards

- Introduce a clear board competency profile and apply it to every board seat: define the required set of competencies for effective oversight — aligned with shareholders' expectations — and use it as the reference for appointing all members, including independent members and state representatives. Apply a single competency standard rather than treating appointments as two parallel processes.

- Require the nominating body to shortlist at least three credible candidates for each state seat, so that state appointments are not automatic placements and can be justified as the strongest professional choice. This helps boards operate as a unified, competent governing body.

4. International participation in the selection process without real powers

Although independent representatives of international organizations and international financial institutions participate in the nomination process, they do not have formal rights or safeguards. Their role in the selection process is purely advisory. Conflicts of interest within nomination bodies are not adequately regulated, and there are no formal mechanisms in place to prevent high-risk appointments or decisions.

The recommendation:

Strengthen independent oversight

- Formalise the participation of international partners' representatives through codified procedures and clear accountability, and move beyond an advisory role by granting independent representatives enforceable safeguards.
- Introduce, at a minimum, a veto right, or provide full voting rights and require joint decision-making on the selection of winners (e.g., approval by both state and independent members) to ensure a genuinely merit-based outcome.

5. Delays in addressing these challenges complicate the reform of governance across the sector

The ineffective performance of supervisory boards at state-owned energy companies undermines trust in corporate governance reform and creates vulnerabilities to information attacks. Corruption scandals, competency gaps, and weak or delayed responses from supervisory boards reinforce practices of manual control over state energy assets and discredit corporate governance in the eyes of the public.

Prolonged inaction in resolving these issues shapes an adverse information environment and deepens negative public perceptions of the governance system for state-owned enterprises as a whole. This, in turn, fuels information attacks by Russian agents of influence and domestic political populists, who deliberately frame the sector's problems not as failures in reform quality, but as evidence against corporate governance itself — eroding public support and putting the continuation of these reforms at risk.

The recommendation:

A unified position in defence of corporate governance

Ukrainian stakeholders committed to advancing reforms and European integration should refrain from using corporate governance issues as instruments of public confrontation and instead articulate a unified position centred on effectiveness and alignment with OECD standards.

Such an approach would help push pro-Russian critics and political populists to the margins of the public debate, depriving them of the ability to dominate the narrative. At the same time, it would shift the discussion away from politicised disputes toward the assessment of concrete governance outcomes and measurable management performance.

«Post-Mindichgate»: What the government intended to fix in selection procedures

In response to the «Mindichgate» case, the Government of Ukraine announced a reconfiguration of supervisory boards in state-owned energy enterprises (SOEs). This signals political recognition of the problem. However, reshuffling existing boards addresses only one of the five core issues.

There are following issues in the appointment of supervisory boards:

- The same recruitment agencies remain involved despite concerns about earlier selections.
- Allowing SOEs to pay «their own» recruiters creates leverage for operational management to influence the selection of their own supervisors.
- Selection bodies include the same institutional actors and, largely, the same individuals who oversaw earlier failed appointments. This raises serious conflict-of-interest concerns. Adding the Ministry of Justice to the selection commission also creates a risk that members of the renewed supervisory boards will be elected by individuals appointed on the recommendation of Herman Galushchenko, former Minister of Energy and Justice and one of the «Mindichgate» defendants.
- The wartime procedure allows board selection without international representatives. For example, the process was administered by a government-appointed commission rather than by the relatively independent Nomination Committees (CMU Resolution No. 1596¹).
- There is no strategic approach to board composition. Even when appointments

¹ [Resolution of the Cabinet of Ministers of Ukraine No. 1596 of 3 December 2025. Issues of Management of Certain Business Entities](#)

are competitive, supervisory boards are rarely formed to reflect the full range of competencies needed to oversee complex energy companies.

The analysis shows that the Government has not managed to address all of these issues in supervisory board appointments.

In December 2025, the Government returned some SOEs to competitive appointment procedures (Resolution No. 1596). However, this was a selective exception rather than a consistent shift: many companies remain outside competitive procedures under the wartime framework. Even among those included, implementation has been uneven. Some enterprises saw full board resets, while others, such as the state-owned hydropower operator Ukrhydroenergo, retained the same state representatives without clear justification. This discretion creates uncertainty and undermines confidence that the aim is to fix the system rather than target specific actors.

At the same time, the Government decided to reshuffle existing boards (Resolutions No. 1258-r² and No. 1596) and centralised control over new appointments under a special commission of the Ministry of Economy.

Enforcement has also failed. Even when competitive procedures were formally reinstated, the state was unable to complete selections. The selection process triggered by Resolution No. 1596 was formally launched but never brought to completion, leaving supervisory boards unfilled. No responsibility was assumed for the outcome: appointments were not finalised, no explanation was provided for the failure of the process, and no consequences followed for the authorities tasked with ensuring its implementation.

Despite the official launch of selections in mid-December 2025, the Government introduced procedural amendments close to the 31 December deadline for finalising appointments. This suggests post hoc rule changes to a process that was already underway and had already missed its completion target.

At the turn of the year, the Government adopted two new decisions that recalibrated the appointment process:

- revising procedures for selecting independent supervisory board members and state representatives (Resolution No. 1804³);
- aligning ongoing energy-sector selections with these updated rules (Resolution No. 11⁴).

Thus, the Government not only failed to ensure the completion of the selection process, which was supposed to end on 31 December 2025, but also changed the procedure after the final deadline, creating further confusion in an already complex and uncertain situation.

The new Resolutions with new approaches have old problems:

1. The practice of having the SOE pay the recruiter to find supervisory board members, which undermines the competition from the outset (Resolution No. 142⁵).

² [Order of the Cabinet of Ministers of Ukraine No. 1258-r of 17 November 2025. On Approval of the Action Plan for Updating the Composition of Supervisory Boards and Executive Bodies of Certain Business Entities.](#)

³ [Resolution of the Cabinet of Ministers of Ukraine No. 1804 of 31 December 2025. Issues of the Selection and Appointment of Supervisory Board Members in State Unitary Enterprises](#)

⁴ [Resolution of the Cabinet of Ministers of Ukraine No. 11 of 7 January 2026. Amendments to the Procedure for Selecting Candidates for the Position of an Independent Supervisory Board Member and State Representatives Elected to the Supervisory Board](#)

⁵ [Resolution of the Cabinet of Ministers of Ukraine No. 142 of 10 March 2017. Certain Issues of Management of State Unitary Enterprises and Business Companies Where the State Holds More Than 50 Percent of Shares.](#)

2. In the amended framework, some provisions may not fully reflect the requirements of the Law of Ukraine «On Joint Stock Companies»:

- additional powers are assigned to the Supervisory Board as «exclusive competence», although exclusive competence can be established only by law or by the charter, not by a government resolution (Resolution No. 142);
- similar practical concerns may arise in mixed-ownership companies (where the state holds less than 100% of shares), including deadlines and procedures for holding classical general shareholders' meetings and for replacing supervisory board members who represent shareholders (Resolution No. 143⁶).

The conclusion:

The board reset risks preserving the same governance model. Wartime «transitional» rules still enable non-competitive appointments under the same selection set-up. Without structural change, another governance failure is likely.

6 [Resolution of the Cabinet of Ministers of Ukraine No. 143 of 10 March 2017. Certain Issues of Management of State Property Objects.](#)