



**SLOVENSKI DRŽAVNI HOLDING, d. d.**

# SLOVENIAN SOVEREIGN HOLDING

## ASSET MANAGEMENT POLICY

---

Ljubljana, May 2023

(Last amendments taken into account: June 2023)

Slovenian Sovereign Holding ((hereinafter referred to as: SSH) first adopted the SSH Asset Management Policy on 19 December 2014. The last amendments and modifications to the SSH Annual Assets Management Policy, the fifth in line, were adopted by the SSH Management Board on 26 April 2023, to which the SSH Supervisory Board granted its consent on 4 May 2023.

Two changes, which were adopted by the SSH Management Board on 15 June 2023 and approved by the SSH Supervisory Board on 22 June 2023, have been taken into account in this clean copy of the Rules.

## Table of Contents

<b>Table of Contents</b> .....	<b>3</b>
<b>1. INTRODUCTION</b> .....	<b>10</b>
<b>2. SLOVENIAN SOVEREIGN HOLDING</b> .....	<b>11</b>
<b>3. PRINCIPLES PURSUED IN ASSET MANAGEMENT</b> .....	<b>14</b>
<b>4. CODE OF REFERENCE</b> .....	<b>14</b>
<b>5. GROUPS OF STAKEHOLDERS AND COMMUNICATION AND COOPERATION STRATEGY</b> .....	<b>14</b>
<b>6. POLICY REGARDING CONNECTIONS BETWEEN SSH AND SOEs</b> .....	<b>17</b>
<b>7. COMMITMENT TO MANAGING CONFLICT OF INTEREST AND INDEPENDENCE OF MEMBERS OF SUPERVISORY BOARD AND MANAGEMENT BOARD OF SSH</b> .....	<b>18</b>
<b>8. COMMITMENT OF SUPERVISORY BOARD FOR EVALUATING ITS OWN EFFICENCY</b> .....	<b>19</b>
<b>9. DISTRIBUTION OF RESPONSIBILITIES AND AUTHORITY AMONG MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF SSH</b> .....	<b>19</b>
<b>10. PROTECTION OF EMPLOYEES' INTEREST</b> .....	<b>20</b>
<b>GENERAL PROVISIONS ON ASSET MANAGEMENT</b> .....	<b>21</b>
<b>ROLE OF SSH IN ASSET MANAGEMENT</b> .....	<b>21</b>
11.1 GENERAL PROVISIONS .....	21
11.2 MANAGEMENT OF STATE CAPITAL ASSETS.....	22
11.3 CLAIM MANAGEMENT.....	24
11.4 TANGIBLE ASSET MANAGEMENT .....	25
<b>PRINCIPLES PURSUED IN ASSET MANAGEMENT</b> .....	<b>25</b>
<b>OBJECTIVES OF ASSETS MANAGEMENT</b> .....	<b>28</b>
<b>DECISION-MAKING IN ASSET MANAGEMENT</b> .....	<b>29</b>
<b>COMPLIANCE AND INTEGRITY SYSTEM IN ASSET MANAGEMENT</b> .....	<b>31</b>
<b>PROCUREMENT OF GOODS AND SERVICES, HIRING EXTERNAL CONSULTANTS, AND EMPLOYMENT.</b> <b>36</b>	
11.5 GENERAL.....	36
11.6 ENGAGING EXTERNAL ADVISORS .....	37
11.7 EMPLOYMENT .....	39
<b>BASIC PRINCIPLES FOR EXCERSISING SHAREHOLDER OR SHAREHOLDER RIGHTS AT GENERAL MEETINGS OF SOEs</b> .....	<b>39</b>
11.8 GENERAL PROVISIONS.....	39
11.9 ELECTION AND DISMISSAL OF MEMBERS OF SUPERVISORY BODIES.....	42
11.10 GUIDELINES REGARDING DIVIDEND POLICIES.....	43
11.11 BASIC PRINCIPLES REGARDING AMENDMENTS TO ARTICLES OF ASSOCIATION .....	45
11.12 REMUNERATION POLICY FOR MANAGEMENT AND SUPERVISORY BODIES AND DISCLOSURE OF REMUNERATION .....	46

11.12.1	Disclosure of Actually Paid Remuneration .....	47
11.13	OTHER GENERAL MEETING INSTITUTES.....	48
11.14	PARTICIPATION OF KAD.....	51
11.15	DISCLOSURES RELATED TO GENERAL MEETINGS AND FOUNDER'S RESOLUTIONS .....	51
	<b>NOMINATION COMMITTEE AND CANDIDACY PROCEDURES .....</b>	<b>52</b>
11.16	NOMINATION COMMITTEE .....	52
11.2	CANDIDACY PROCEDURE.....	55
11.2.1	Generally on Candidacy Procedure .....	55
11.2.2	Recruitment procedure .....	56
11.2.3	Accreditation Procedure .....	57
11.2.4	Nomination procedure .....	58
	<b>COMMON PROVISIONS ON SALES OF CAPITAL ASSETS .....</b>	<b>62</b>
11.3	GENERAL.....	62
11.4	DURATION OF PROCES FOR SALE OF CAPITAL ASSET.....	64
11.5	PUBLIC METHODS OF SALE OF CAPITAL ASSETS .....	65
11.6	TWO-PHASE PROCES FOR SALE OF CAPITAL ASSET.....	68
11.7	DUE DILIGENCE OF CAPITAL ASSET .....	69
11.8	DIRECT SALE AFTER AN UNSUCCESSFUL SALES PROCESS .....	70
11.9	JOINT SALE OF CAPITAL ASSETS .....	71
	<b>SPECIAL PROVISIONS ON ACQUIRING AND DISPOSING OF CAPITAL ASSETS.....</b>	<b>72</b>
11.10	DISPOSAL OF CAPITAL ASSETS.....	72
11.10.1	General provisions.....	72
	<b>Article 119 .....</b>	<b>72</b>
	<b>Article 122 .....</b>	<b>73</b>
11.10.2	Limitations on Disposal of Capital Assets .....	74
11.10.3	Sale of Majority Capital Asset.....	75
11.10.4	Sale of Minority Capital Asset .....	76
11.10.5	Sale of KAD's Capital Asset .....	78
11.10.6	Reduction of Share Capital due to Capital Increase in Company .....	78
11.10.7	Put Options and Creating Call Options.....	79
11.10.8	Proposal for Sale of Capital Assets .....	79
11.10.9	Direct Sale of Capital Asset.....	81
11.10.10	Other Provisions regarding Sale of Capital Assets.....	82
11.10.11	Encumbrance of Capital Assets .....	84
11.11	ACQUISITION OF CAPITAL ASSETS.....	84
11.12	SWAP OF CAPITAL ASSETS.....	88

11.13 RESTRUCTURING OF SOEs .....	89
<b>PROCEDURES FOR ACQUIRING AND DISPOSING OF CLAIMS.....</b>	<b>90</b>
11.14 GENERAL.....	90
11.15 SPECIAL PROVISIONS REGARDING THE DISPOSAL OF CLAIMS.....	90
Article 167 .....	92
Article 169 .....	92
11.16 PROVISIONS REGARDING THE ACQUISITION OF CLAIMS.....	93
11.17 RESTRUCTURING AND REALIZATION OF COLLATERALISED ASSETS .....	93
<b>DISPOSAL AND ACQUISITION OF TANGIBLE ASSETS.....</b>	<b>95</b>
<b>TRANSITIONAL AND FINAL PROVISIONS .....</b>	<b>98</b>

## TERMS AND DEFINITIONS WITHIN THE MEANING OF THIS ASSET MANAGEMENT POLICY

**Accreditation:** is a decision of the Nomination Committee that a potential candidate fulfils conditions for accreditation and his/her application is recorded in the records of potential accredited candidates for members of the of supervisory bodies of SOEs.

**Governance documents:** are the currently valid legal frameworks, the content and the adoption process of which are determined by ZSDH-1 in its Chapter 3. In addition to this SSH Asset Management Policy, they also include the Capital Assets Management Strategy (the Strategy), the SSH Annual Asset Management Plan (the Annual Asset Management Plan, or AAMP) and the Corporate Governance Code for SOEs (the Code).

**Another competent person:** is the executive board or an individual who is responsible for assets held in a certain SOE and who holds a relevant directorial position in SSH to whom the management of specific transactions has been delegated by the SSH Management Board through an internal regulation, or a person who has been authorised by the SSH Management Board through a legal transaction to manage a specific transaction.

**State-owned enterprise (SOE) or a company with capital assets of the State:** is a company in which capital assets are owned by the State and managed by SSH.

**BAMC:** is Bad Asset Management Company which merged with SSH on 30 December 2022.

**KAD:** is Kapitalska družba pokojninskega in invalidskega zavarovanja d. d. (Pension Fund Management).

**Candidacy Procedures:** are procedures composed of accreditation and nomination, which are regulated in Chapter 19 of this Asset Management Policy.

**Capital assets :** are equity securities under the act regulating the financial instruments market, or shareholdings or other equity stakes in individual companies in accordance with the Act regulating companies.

**Capital asset of the state:** are capital assets held by SSH in an individual company, as well as capital assets owned by the Republic of Slovenia or KAD which are managed by SSH in accordance pursuant to ZSDH-1 The provisions of this Asset Management Policy relating to the state's capital assets also apply to the assets of the Pension and Disability Insurance Institute of Slovenia in Zavarovalnica Triglav, d.d., which has been transferred to the management of SSH by explicit provision of Article 85 of ZSDH-1, even though, by the letter of the law, this investment is not considered a capital asset of the state.

**Capital assets of KAD:** are capital assets owned by KAD.

**Code:** is the e Corporate Governance Code for State-Owned Companies, as specified in Article 32 of ZSDH-1.

**Competences:** are knowledge, personal attributes, abilities, motivation, self-perception, and values which collectively enable an individual to successfully apply them in a given situation.

**Annual Asset Management Plan:** is the currently valid asset management document specified in Article 30 of ZSDH-1. It is adopted by the SSH Management Board based on the approved Strategy. The plan establishes detailed objectives of SSH for managing assets held in an individual enterprise in the respective business year, as well as measures and guidelines

for achieving those objectives. The Annual Asset Management Plan requires the approval of the SSH Supervisory Board and final consent from the Government of the Republic of Slovenia upon the proposal of the Ministry responsible for finance.

**Assets:** are capital assets, claims and tangible assets.

**Conflict of interest:** conflict of interest occurs when circumstances arise in which a person's private interest influences or creates the appearance of influencing impartial and objective performance of their duties in the company. The occurrence of a conflict of interest requires the cumulative fulfilment of both conditions constituting conflicts of interest – private interest and circumstances which indicate an impact or a potential impact on impartial and objective decision-making. In this context, a person's private interest represents pecuniary or non-pecuniary benefits for themselves, their immediate family members, and other natural persons or legal entities or other entities with whom they have had or have personal, business, or political relationships, or an interest resulting from emotional, political, or national (dis)affection. The definition of the conflict of interest in this Asset Management Policy aligns with the definition provided in ZIntPK which is referred to in Article 59 of ZSDH-1. Furthermore, relevant practices of the Commission for the Prevention of Corruption and judicial practices are reasonably taken into account in interpreting the definition. Further instructions and clarifications regarding actions to avoid conflicts of interest are provided in the SSH's internal document.

**Independence of a candidate or a member of a supervisory board of a state-owned company and independence of a member of the Nomination Committee:** A person who is not dependant according to this Asset Management Policy is considered independent.

**Nomination:** is the decision of the Nomination Committee which is based on the determination, assessment, and evaluation of whether a potential candidate meets the prescribed conditions and criteria for nomination and is a suitable candidate for a member of the supervisory or management body of a specific company.

**Immediate family members:** They include the spouse, children, adopted children, parents, adoptive parents, as well as siblings of the individual referred to, and persons living with them in the same household or community.

**Dependency of a member of the Nomination Committee:** the criteria for dependence of a member of the Nomination Committee are applied in a similar manner as for the dependence of a member of the supervisory body according to this Asset Management Policy.

**Dependency of a candidate or a member of the management or supervisory body of a state-owned company:** it is considered to exist when the following elements of dependence are simultaneously present:

1. there is a potential conflict between the private interests of the candidate or a member of the management or supervisory body of a state-owned company and the interests of the company,
2. the potential conflict of interest arises from personal, business, or other connections with the company, the management board of the company, or any other person/entity or stakeholder of the company which typically has conflicting interests with the company,
3. the potential conflict of interest is of a more lasting (rather than transient) nature.

4. the potential conflict of interest is relevant. The criteria for assessing the relevance of a potential conflict of interest include in particular the following: the type and frequency of actions and decisions it pertains to, the likelihood the potential conflict of interest materializes, and the subjective characteristics of the individual (especially character and past behaviour of the person).

The circumstances, which create a presumption of dependency shall be defined by SSH in the Statement on Independence which is an appendix to the application for the nomination procedure and is published on the SSH's website. Presumptions are rebuttable, which means that a candidate can refute an individual presumption with appropriate explanations and declare themselves independent, even if circumstances indicating their dependence are otherwise present.

**Important capital assets:** are capital assets in which the Republic of Slovenia aims to preserve key development factors in the country (to achieve strategic or macroeconomic goals, with a lower level of strategic importance compared to strategic capital assets).

**Nomination Committee Portal:** is the online portal of the Nomination Committee of SSH, through which interested individuals can apply for registration in the record of accredited potential candidates for membership in the supervisory or management bodies of state-owned enterprises. The portal is owned and managed by SSH.

**Portfolio capital assets:** are capital assets through which the Republic of Slovenia seeks to achieve exclusively economic objectives.

**Dominant influence of SSH:** is the dominant influence as defined by the Act governing companies.

**Acquisition of assets:** means the acquisition of assets for the ownership of the Republic of Slovenia or SSH, whether for consideration or without consideration.

**Disposal of capital assets:** encompasses encumbrance, sale, exchange, or any other legal transaction through which an asset of SSH or the Republic of Slovenia held in an individual company is transferred to another legal or natural person, as stipulated by ZSDH-1.

**Disposal of tangible assets:** involves encumbrance, exchange or sale of real estate and movable property, as well as their leasing.

**Disposal of claims:** includes the sale of claims, conversion of claims into equity or real estate, and deletion of claims from business records.

**RS:** is the Republic of Slovenia.

**State Assets Management Strategy:** is strategic the legal currently valid document regarding asset management which is adopted by the National Assembly of the Republic of Slovenia upon the proposal by the Government of the Republic of Slovenia, in accordance with Article 29 of ZSDH-1.

**Strategic capital assets:** capital assets through which the Republic of Slovenia pursues strategic objectives in addition to economic goals, as defined in the Strategy.

**Tangible assets:** movable and immovable property owned by SSH, which is not intended for SSH's own use but for disposition.



**Asset manager:** an employee of SSH appointed to perform management tasks related to assets held in a specific company. The appointment of an asset manager is decided by the SSH Management Board.

**Asset management:** includes the acquisition and disposition of capital assets, as well as any other actions in accordance with applicable legislation, relating to (i) exercising shareholder or partner rights, (ii) exercising creditor rights, and (iii) exercising the rights of the owner of tangible assets.

**SSH:** is Slovenski državni holding, d. d., or with the English name, the Slovenian Sovereign Holding, whose establishment, position, rights and obligations are regulated by ZSDH-1.

**Claims:** the right of a creditor to demand the fulfilment of obligations from a debtor or guarantor, or the right of a creditor to cover their receivable by realizing pledged assets.

**Majority shareholding of SSH:** a majority stake as defined by the Act governing companies. SSH considers that a majority stake of SSH exists when SSH holds a majority stake (in ownership) or when it has or exercises, at its own discretion, a majority of voting rights (regardless of the owner of the investment).

**ZDIJZ:** is the Public Information Access Act (Official Gazette RS, No. 24/2003, et seq.).

**ZGD-1:** is the Companies Act (Official Gazette RS, No. 42/2006, et seq.).

**ZIntPK:** is the Integrity and Prevention of Corruption Act (Official Gazette RS, No. 45/10, et seq.).

**ZPPDFT-2:** is the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette RS, No. 145/2022).

**ZSDH-1:** is the Slovenian Sovereign Holding Act (Official Gazette RS, No. 25/2014, et seq.).

**ZTFI-1:** is the Financial Instruments Market Act (Official Gazette RS, No. 77/2018, et seq.).

**ZUKSB:** Act Regulating Measures of the Republic of Slovenia to Strengthen the Stability of Banks (Official Gazette of RS, No. 105/12, et seq.).

# **PART I: GENERAL FRAMEWORK OF ASSET MANAGEMENT POLICY**

## **1. INTRODUCTION**

The SSH Asset Management Policy (hereinafter referred to as: the “Asset Management Policy”) is an autonomous legal document which contains principles, procedures and criteria applied by SSH in the performance of its asset management tasks as stipulated by ZSDH-1.

The aim of the Asset Policy is to provide detailed regulation, beyond what is specified in the law, regarding the transparency and traceability of decisions relating to asset management, and the related oversight mechanisms.

The Asset Management Policy is divided into a general part, which encompasses the fundamental framework of SSH's operations, explanations regarding the purpose for which SSH was established, and the objectives it seeks to achieve in relation to asset management. It also includes some broader guidelines concerning the operations of SSH and its relationship with other stakeholders. The specific part of the Asset Policy is formulated as articles and normatively establishes rules and principles which SSH adheres to in asset management. It pertains to the adoption of managerial decisions, which must be in line with due professional care, ensuring compliance and integrity (fairness), and transparent contracting of employment and external service provider agreements, particularly those related to asset management. Furthermore, the specific part of the Asset Management Policy defines rules of procedure for various situations encountered by SSH in its daily asset management activities. These include candidate selection procedures, the exercise of corporate rights in state-owned companies, and, in particular, procedures for the acquisition or disposition of capital assets. Both parts of the Asset Management Policy are equally binding for SSH.

The Asset Management Policy should be read in conjunction with relevant legislation and other asset management documents, as well as certain other relevant documents, which together form a comprehensive normative system for the management of state-owned capital assets, claims, and tangible assets.

Given the complexity of an institution such as SSH, the list of laws, regulations, and acts of European legislation which SSH must comply with in all areas of its operations is extensive and cannot be fully enumerated in this context. However, the key legal instruments of corporate governance which SSH considers in its operations include the following:

- Articles of Association of Slovenian Sovereign Holding,
- Strategy,
- Annual Asset Management Plan,
- Criteria for Measuring Performance of SOEs,
- Corporate Governance Code for SOEs,

- SSH Recommendations and Expectations,
- Rules on Supervisory Board Member Selection: Conditions, Criteria, Procedures and Evaluation for Determining Suitability Potential Candidates for Members of Supervisory Bodies of SOEs, and
- SSH Code of Ethics.

All the above-mentioned governance documents are publicly available on the website of SSH; in case of the Annual Asset Management Plan, only the general part is published.

## 2. SLOVENIAN SOVEREIGN HOLDING

### **Establishment of SSH**

Slovenian Sovereign Holding was established on 26 April 2014, with the enforcement of ZSDH-1, which transformed Slovenska odškodninska družba d. d. into SSH as prescribed by the law. SSH started to use its new corporate name on 11 June 2014 when the Articles of Association of SSH was recorded in the Business Register.

### **SSH Status**

Slovenian Sovereign Holding holds the status of public limited company with a two-tier management system. It has four bodies: the General Meeting, the Supervisory Board, the Management Board, and the Expert Committee for Economic and Social Affairs (ECESA). The founder and sole shareholder of SSH is the Republic of Slovenia. The tasks and powers of the SSH General Meeting are carried out by the Government of the Republic of Slovenia. The SSH Supervisory Board consists of five members who are all appointed by the National Assembly of the Republic of Slovenia upon the proposal of the Government of the Republic of Slovenia. The Management Board of SSH is composed of the President of the Management Board and up to two members who are all appointed by the Company's Supervisory Board on the basis of a public job announcement. More about ECESA is explained in Chapter 5 of this Asset Management Policy.

SSH is no longer a public company within the meaning of the Market in Financial Instruments Act (ZTFI-1) since the bonds issued by SSH (with the symbol SOS3) and listed on the stock exchange were finally repaid by the end of June 2020.

As of 30 December 2022, in accordance with ZUKSB, after the merger, SSH assumed the assets, rights, and obligations of the Bank Asset Management Company (BAMC) as of the cut-off date of 1 July 2022. According to the law, SSH is considered the universal legal successor to BAMC.

## **Purpose of SSH Establishment**

SSH was established with the purpose of concentrated, transparent, professional, and politically independent management of state capital asset.

SSH continues to carry out powers, responsibilities, rights and obligations of Slovenska odškodninska družba (SOD) (these include compensation of entitlements under the Denationalization Act and other regulations).

By taking over the assets, rights and obligations of BAMC, SSH also assumed the role of managing claims and real estate assets, which predominantly include real estate, by value.

## **SSH Objectives**

The fundamental objective pursued by SSH in managing capital assets is the long-term increase in their value and the provision of the highest possible return for the owners (economic objectives). Strategic and macroeconomic objectives which are achieved by SSH when managing assets in individual companies are defined by the Strategy and Annual Asset Management Plan. When disposing of capital assets, the primary goal of SSH is to achieve the highest possible purchase price, taking into account that the sale of state-owned capital assets aims to provide liquidity for the state budget, while the sale of KAD investments represents a source of funds for the pension fund.

Regarding the corporate governance system, SSH aims to reach such a level that contributes as much as possible to the success of state-owned companies, consequently increasing the owners' wealth through dividends and the appreciation of capital assets. To achieve this goal, SSH pursues a systematic and qualitative approach. Its foremost priority is to enhance the efficiency of corporate governance, ensuring transparency, diligence, responsibility, and adherence to the highest ethical standards and internationally recognized guidelines. In this regard, SSH encourages state-owned companies to improve their corporate governance practices and strives to be an example of responsible and diligent governance for other shareholders and stakeholders. At the individual company level, SSH will then ensure their competitiveness and successful development through appropriate measures of active management, thereby positively influencing the overall state of the economy in Slovenia. Considering the significance of capital assets held in each company, SSH also pursues other governance objectives that are important for the company's stable economic growth and the general development of the business environment in Slovenia. These objectives include employment rates, competitiveness, improvement of the quality of services provided in the public interest, and sustainable social development.

SSH pays special attention to measures aimed at strengthening integrity and responsibility, as well as mitigating the risks of corruption, managing conflicts of interest, and preventing the misuse of information in asset management.

SSH places an increasing emphasis on sustainable development. It encourages state-owned companies to integrate the most efficient sustainable solutions into their operations and helps them understand the effects of adopted sustainability policies and measures on business performance. SSH also alerts companies to the risks associated with operating contrary to general sustainability principles or relevant regulations and guidelines in this field, considering the company itself, its stakeholders, and the broader environment.

A significant part of activities performed by SSH is focused on setting appropriate expectations for state-owned companies and verifying whether these companies meet the established expectations. The expected level of corporate governance in these companies is at least in accordance with laws and the Code. In accordance with ZSDH-1, SSH has adopted Criteria for Measuring Performance of SOEs which are individualized and specified for each company in the Annual Asset Management Plan. The aforementioned documents include SSH's expectations regarding the operations of SOEs. Specific expectations are conveyed to state-owned enterprises through SSH Recommendations and Expectations.

All the aforementioned also applies, in a meaningful way, to the management and disposition of claims and tangible assets. As an institutional manager of all assets entrusted into its management, including claims, real estate, and movable property, SSH must consider the purpose of its establishment and the general significance it holds for the citizens of Slovenia. In addition to purely economic objectives, SSH also takes into account legitimate strategic and macroeconomic goals in the management of claims and tangible assets, as defined in the Strategy or any other binding general legislative acts.

Lastly, SSH aims to successfully conclude denationalization procedures and, in accordance with the Denationalization Act, compensate the beneficiaries for unjustly nationalized property from the period between the Second World War and Slovenia's independence. As the payment agent of the Republic of Slovenia, SSH is also responsible for settling the state's obligations to beneficiaries based on the law that addresses the rectification of injustices caused by the seizure of assets and the law Act which governs the payment of non-material compensation to victims of wartime and post-war violence.

### **SSH Values**

SSH values honesty and legality, trust and respect, leading by example, independence, objectivity, and impartiality.

Honesty and legality are values based on adhering to established norms, societal ethics, and applicable general and specific acts, including laws, regulations, or internal policies of SSH.

Trust and respect are built upon fostering good interpersonal relationships, embracing diversity, and striving to achieve common goals. Trust and respect are also demonstrated

through compliance with the company's code of ethics and other internal regulations governing interpersonal relationships within SSH.

Leading by example is exemplified by the actions of leaders who, through their conduct, influence their subordinates to adopt similar patterns of behaviour in their work within the company. Leading by example is based on trust, personal qualities, and the perspectives of superiors.

Independence in operations means excluding all external factors that could influence decisions related to SSH's operations, except for those that are institutionalized and clearly defined through applicable regulations.

Objectivity and impartiality mean that SSH's actions are guided by real, objective facts and information rather than personal inclinations or interests.

### 3. PRINCIPLES PURSUED IN ASSET MANAGEMENT

SSH adheres to the principles defined or described in ZSDH-1. In particular, these include the principles of diligence and responsibility, independence, transparency, and efficiency. These principles are normatively established in a specific section of this Asset Management Policy.

### 4. CODE OF REFERENCE

The Code of Corporate Governance Code for SOEs, as applicable from time to time, is used by SSH as its reference code. The Code is regulated by Article 32 of ZSDH-1.

### 5. GROUPS OF STAKEHOLDERS AND COMMUNICATION AND COOPERATION STRATEGY

#### **Shareholder**

The sole shareholder of SSH is the Republic of Slovenia. Decisions within the competence of the SSH General Meeting are made by the Government of the RS in the form of a General Meeting Resolution. An exception relates to the appointment and dismissal of members of the SSH Supervisory Board, which is done by the National Assembly of the Republic of Slovenia upon the proposal of the Government of the Republic of Slovenia.

Given the state ownership and the distinct roles of various state bodies, communication between SSH and its sole shareholder requires a tailored approach. The rules of communication are largely regulated by ZSDH-1. The state communicates its expectations

regarding asset management to SSH through the appropriate content of the State Assets Management Strategy. Any additional communication between state authorities and SDSH takes place in accordance with Article 7 of ZSDH-1. In accordance with Article 41, Paragraph 3 of ZSDH-1, ministers responsible for finance and the economy, as well as the President of the Commission for Public Finance Control of the National Assembly of the Republic of Slovenia, may also attend SSH Supervisory Board meetings, receiving invitations, all relevant materials, and minutes of the SSH Supervisory Board's meetings.

In addition to the above-mentioned communication channels, a shareholder may become informed of documents, work and activities of SSH in the following way:

- publications on the SSH public web site in accordance with Article 64 of ZSDH-1,
- the annual report to the National Assembly of the Republic of Slovenia in accordance with Article 67 of ZSDH-1,
- the quarterly report to the Government of the Republic of Slovenia, a courtesy copy of which is also submitted to the Commission for Public Finance Control of the National Assembly RS Republic of Slovenia,
- SSH statements to the media.

### **Regulatory and state authorities**

SSH maintains a constructive dialogue with regulatory and state bodies. SSH consults with these bodies regarding specific legal or factual issues and considers their positions in the decision-making process. In accordance with Article 7, Paragraph 2 of ZSDH-1, traceability of mutual communication is ensured.

### **Members of the supervisory bodies of SOEs**

Tasks related to staffing in the supervisory bodies of SOEs are among the most important tasks and competencies of SSH. SSH communicates with the members of the supervisory bodies of these companies in a way that respects their independence. The expression of proposals, positions, or opinions by SSH does not represent undue pressure on the members of the supervisory bodies. The purpose of expressing proposals, positions, and opinions by SSH is to facilitate informed decision-making by the members of SOEs' supervisory bodies. By considering diverse perspectives and opinions, these decision-makers can determine the optimal course of action, aligning with the company's goals and its current circumstances. In addition, SSH endeavours to enhance the standard of corporate governance in SOEs by organizing educational events for both the members of supervisory bodies and the management teams.

### **Management bodies of SOEs**

SSH communicates with the management and executive boards of SOEs (management bodies) as needed, taking into account the scope of corporate rights, ownership structure, and SSH statutes. It ensures that their autonomy and independence are respected. The purpose of expressing proposals, viewpoints and opinions by SSH is to facilitate informed decision-

making by the management and executive boards of SOEs. By considering different perspectives and opinions, taking into account the goals and position of the company, SSH aims to assist these boards in making the most optimal decisions.

### **SSH Employees**

The success and effectiveness of SSH rely on the expertise, dedication, and integrity of its employees. SSH is committed to excellence in work, investing in employee knowledge, and rewarding successful performance. The organisational culture is built on mutual trust, respect, and responsible work.

SSH maintains communication with its employees through various channels, with the objective of providing them with regular updates on business events within the company and companies under its management, as well as the prevailing economic situation in the country. The aim is to keep employees well-informed and contribute to their enhanced productivity. The Employees' Council serves as an interface between the employees and the company's management.

### **Expert Committee for Economic and Social Affairs (ECESA)**

The Expert Committee for Economic and Social Affairs is a consultation body to the SSH's Management Board. SSH welcomes initiatives and opinions from ECESA on matters that could have labour, status, and social implications within SSH and the companies it manages. The SSH Management Board primarily informs ECESA about the management of state capital assets, plans for divestment, and other economic and social matters. The SSH Management Board is obligated to consider the opinions, proposals, and recommendations of ECESA but is not obliged to adhere to ECESA's positions in individual matters. In cases where the positions of the SSH Management Board diverge from those of ECESA, the SSH Management Board is required to explain the reasons for its actions and deviations. The members of ECESA are required to maintain the confidentiality of the information they become acquainted with in the course of their duties.

ECESA is composed of representatives of Slovenia's representative trade unions and confederations who are members of the Economic and Social Council. To avoid accusations of unequal treatment in terms of asymmetric information among individual trade unions, their associations or confederations, or their representatives, the SSH Management Board can only express its views on economic and social issues at ECESA's meetings.

### **Citizens and the media**

SSH strives to operate with the highest possible level of transparency, while fully respecting its commitments regarding the protection of confidential data and internal information. Citizens, the media, and other interested stakeholders can monitor the work and results of SSH through public announcements on the SSH official website or media statements. Occasionally, updates may also be provided through press conferences and stakeholder events. SSH communicates



with the media in an active and responsible manner, consistent with its role as a manager of a significant portion of state assets. SSH is subject to the law governing the media and the access to public information.

## 6. POLICY REGARDING CONNECTIONS BETWEEN SSH AND SOEs

The term “holding” is included in the corporate name of SSH to indicate its role as a management entity for state capital assets. However, it is important to note that SSH operates differently from a traditional holding company in terms of its structure and functions. While the term “holding” is part of its name, SSH primarily functions as a manager of its own capital assets, state-owned assets, and certain investments of KAD and ZPIZ. SSH does not manage SOEs centrally and does not operate as a conventional holding company.<sup>1</sup>

The SSH General Meeting performs the functions of the KAD General Meeting<sup>2</sup>, which independently and autonomously manages its capital assets. In cases where SSH and/or the Republic of Slovenia are divesting their investments in a company in which KAD also holds capital assets, the sales process for all the investments is consolidated and managed by SSH at its own discretion, including on behalf of and for the account of KAD, while exercising the diligence of a conscientious and fair business operator (in Slovenian: “*skrbnost vestnega in poštenega gospodarstvenika*”). In accordance with the provisions of ZSDH-1<sup>3</sup>, when exercising voting rights at general meetings of SOEs, where both SSH and/or the Republic of Slovenia and KAD hold capital assets, SSH also exercises the voting rights of KAD in that company, in agreement with KAD. If an agreement cannot be reached, SSH exercises such voting rights at its own discretion.

SSH holds a majority stake and/or dominant influence in certain companies with state capital investments, as defined in the initial sections regarding the meanings of acronyms and terms. The fact that SSH holds a majority stake or exerts dominant influence carries legal significance concerning various provisions of ZSDH-1. This includes important aspects such as the criteria for appointing members to supervisory bodies, managing conflicts of interest, and ensuring compliance with business conduct standards.

---

<sup>1</sup>As per Article 20 of ZSDH-1, SSH is explicitly prohibited from interfering with the autonomy and independence of the bodies of the companies under its management.

<sup>2</sup>Article 51, Paragraph 4 of ZSDH-1.

<sup>3</sup>Article 53, Paragraph 4 of ZSDH-1.

## 7. COMMITMENT TO MANAGING CONFLICT OF INTEREST AND INDEPENDENCE OF MEMBERS OF SUPERVISORY BOARD AND MANAGEMENT BOARD OF SSH

The members of the Management Board and Supervisory Board of SSH are obliged to act solely in the interest of SSH and, when managing capital assets of the Republic of Slovenia, exclusively in the interest of the Republic of Slovenia. Any member of the Management Board or Supervisory Board whose ability to perform their duties is hindered due to various reasons, particularly due to pressures against their independent decision-making or the passivity of other members of the management or supervisory bodies, must duly inform the members of the respective body and act in accordance with the provisions of Article 57, Paragraph 1 of ZSDH-1.

The members of the Management Board and Supervisory Board of SSH are not bound by instructions from state authorities or third parties. They must act independently and impartially in fulfilling their responsibilities.

### **SSH Supervisory Board**

To ensure the prevention and resolution of conflicts of interest, and In case any circumstances of conflicts of interest are identified, members of the SSH Supervisory Board are obligated to adhere to relevant legislation and comply with SSH's internal regulations governing the avoidance of conflicts of interest. If they become aware of any conflicts of interest or potential conflicts of interest related to the execution or performance of their functions, they must inform the Supervisory Board. Before notifying the competent body, they must seek the opinion of the SSH Chief Compliance and Integrity Officer. Furthermore, each member of the Supervisory Board must inform the Supervisory Board of any changes related to the declaration as specified in Article 59 of ZSDH-1, which they submitted to the competent authority within one month of their appointment.

Each individual member of the Supervisory Board is not bound by the opinions or instructions of those who elected, nominated, or appointed them but assumes full personal responsibility for carrying out their duties. All members of the Supervisory Board have equal rights and obligations. Each member is obliged to apply their knowledge and experience, which were the basis for their appointment to the SSH Supervisory Board.

### **SSH Management Board**

To ensure the prevention and resolution of conflicts of interest, and In case any circumstances of conflicts of interest are identified, members of the SSH Management Boards are obligated to adhere to applicable legislation and comply with the provisions of SSH's internal regulations, specifically the Rules on the Avoidance of Conflicts of Interest. They must inform the members of the Management Board, the Supervisory Board, and the Chief Compliance and Integrity Officer about any conflicts of interest or potential conflicts of interest which have arisen or could

arise in the execution or performance of their functions. Before informing the members of the Management Board and Supervisory Board, they must seek the opinion of the SSH Chief Compliance and Integrity Officer. Members of the Management Board must inform the other members of the Management Board, the Supervisory Board, and the Chief Compliance and Integrity Officer of any changes related to the declaration as specified in Article 59 of ZSDH-1, which they submitted to the competent authority within one month of their appointment.

## 8. COMMITMENT OF SUPERVISORY BOARD FOR EVALUATING ITS OWN EFFICENCY

In accordance with the Board Evaluation Manual adopted by the Slovenian Directors' Association, the SSH Supervisory Board assesses its own performance and effectiveness. In the report submitted to the General Meeting, the Supervisory Board indicates the extent to which self-evaluation has contributed to changes or improvements in its operations.

During the evaluation process, the Supervisory Board assesses its composition, operations, potential conflicts of interest, the performance of individual members, the overall functioning of the board, as well as its collaboration with the company's Management Board. As part of the evaluation, the Supervisory Board also assesses the work of its committees.

## 9. DISTRIBUTION OF RESPONSIBILITIES AND AUTHORITY AMONG MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF SSH

The management of the company and its affairs is conducted by the SSH Management Board, which is overseen by the SSH Supervisory Board. The Management and Supervisory Boards collaborate closely in the best interest of SSH and the Republic of Slovenia. The authority for the Management Board to carry out specific transactions with the approval of the Supervisory Board is exclusively determined by ZSDH-1 or the SSH Articles of Association. The Supervisory Board does not have the power to unilaterally establish this requirement through its own resolution.

The allocation of responsibilities and tasks between the Management Board and the Supervisory Board, as well as the manner of their cooperation, are defined by ZSDH-1, the SSH Articles of Association of SSH, the Rules of Procedure for the Management Board and Executive Committees, and the Rules of Procedure for the SSH Supervisory Board. The Rules of Procedure for the Management Board and Executive Committees also provide for the potential division of tasks or business areas among the members of the Management Board.

All regulations governing the relationships among the bodies within SSH fully comply with the Slovenian legislation and best practices, particularly regarding conflicts of interest.

## 10. PROTECTION OF EMPLOYEES' INTEREST

Employees have the opportunity to actively participate in the attainment of shared objectives and the coordination of labour and capital interests through the SSH Employees' Council. ZSDH-1 explicitly states that the provisions of the Act regulating the employee participation in the management do not apply to the SSH Supervisory Board.

SSH promotes and facilitates the education and training of its employees. Education and training are provided in various forms, including internal training programs, external formal education, and studies. All employees have the possibilities to pursue supplementary education with the aim of optimizing work processes.

SSH aims to create a positive work environment and ensure well-being in the workplace. Any actions that could affect the dignity and personality of employees are rejected, and appropriate measures are taken in case of violations. Proper measures are taken to protect employees from any form of harassment or other repeated or systematic behaviour that is derogatory, negative, or offensive, and directed towards employees in the workplace or related to their work.

SSH ensures equal opportunities for its employees, regardless of gender, race, skin colour, age, medical condition or disability, religion, political and other beliefs, trade union membership, national or social origin, family status, financial status, sexual orientation or other personal circumstances.

The fundamental values and principles of acceptable behaviour and conduct for employees at SSH are governed by the SSH Code of Ethics.

## **PART II: SPECIAL SECTION OF ASSET MANAGEMENT POLICY**

### **GENERAL PROVISIONS ON ASSET MANAGEMENT**

#### **Article 1**

##### **(Content and Adoption Procedure)**

The Asset Management Policy specifies in detail the principles, procedures, and criteria which SSH adheres to in carrying out its tasks in accordance with ZSDH-1. The purpose of the Asset Management Policy is to ensure transparency and traceability in decision-making processes. It includes supervisory mechanisms for asset management, employment, and for engaging external contractors.

The Asset Management Policy provides detailed procedures for asset disposition, ensuring compliance with ZSDH-1 and safeguarding the interests of SSH, KAD, and the Republic of Slovenia. The procedures facilitate the effective execution of asset disposition and incorporate transparent mechanisms which are aimed at maximizing the sale price and fulfilling other objectives of SSH, KAD, and the Republic of Slovenia in relation to disposition of capital assets.

The Asset Management Policy is adopted by SSH Management Board and the consent for its adoption is granted by the SSH Supervisory Board.

#### **Article 2**

##### **(Comprehensive Regulation)**

If the Asset Management Policy does not comprehensively or adequately regulate any issue, it can be further addressed by SSH internal policies and which must not contradict the provisions of the Asset Management Policy.

### **ROLE OF SSH IN ASSET MANAGEMENT**

#### **11.1 GENERAL PROVISIONS**

##### **Article 3**

##### **(Concentration of Management)**

As the central state institution responsible for asset management, SSH ensures the accumulation of professional knowledge and the establishment of the most efficient management processes in various areas of management based on the type, significance, form, and other characteristics of the assets it manages.

The purpose of concentrating the management of the entire assets under the auspices of SSH is to achieve stable ownership, reduce management-related costs, and enhance the long-term return on investments and their overall value in order to achieve economic and developmental goals as well as public interest objectives in the Republic of Slovenia.

Article 4  
(Type of Assets Managed by SSH)

This Asset Management Policy regulates the management of three main types of capital assets which have been transferred to SSH's ownership through various legislative solutions or entrusted to it by the Republic of Slovenia for management. These include (i) management of state capital assets, (ii) management of claims, and (iii) management of tangible assets.

## **11.2 MANAGEMENT OF STATE CAPITAL ASSETS**

Article 5  
(Scope of Capital Asset Management)

SSH manages its own capital assets and capital assets owned by the Republic of Slovenia, unless excluded from SSH's management by ZSDH-1 or other laws. In accordance with ZSDH-1, SSH also exercises specific management rights over KAD's capital assets in companies where SSH and/or the Republic of Slovenia hold capital assets.

SSH also manages capital assets of ZPIZ held in Zavarovalnica Triglav., Ljubljana, which, according to ZSDH-1, does not qualify as a state capital asset.

The dynamics and manner of SSH's management are adjusted to the legal form of companies with state capital assets. SSH is required to exercise its rights in a diligent and responsible in accordance with the provisions of ZGD-1 and ZSDH-1.

Article 6  
(Tasks of SSH in Capital Assets Management)

As part of the management of state capital assets, SSH shall primarily perform the following tasks and activities:

- participates at General Meetings exercising voting rights;
- provides for the exercise of other rights of a shareholder or member such as the convocation of General Meetings, extensions of agenda, lodges applications for a special audit review, an extraordinary audit review and files compensation claims and similar;

- provides for the legal protection of the rights of the shareholder or member and acts as the authorised person representing the shareholder or member in administrative procedures, judicial proceedings and other procedures;
- in terms of the content, provides for a suitable evaluation of individual AGM resolution proposals and for the observance of provisions of the statutory provisions and legal documents related to state asset management;
- formulates a well-designed and transparent process for accreditation, nomination, and selection of candidates for members of supervisory bodies in SOEs and ensures its implementation;
- acquires capital assets;
- ensures that remuneration systems for members of supervisory bodies in SOEs satisfy the long-term interests of the company and encourage qualified professionals to stand as candidates for membership in supervisory bodies;
- in accordance with applicable regulations, establishes reporting systems which enable the legal protection of SSH and the Republic of Slovenia as a shareholder or a company member, and the evaluation of management systems applied for an individual company;
- concludes shareholders agreements or other agreements in which the rights and obligations by and between SSH, the Republic of Slovenia and third persons are defined in regard to the management or disposition of assets;
- promotes and within the scope of its rights, ensures good corporate governance systems in an individual SOE;
- disposes of individual state assets within the scope and in a manner as stipulated by ZSDH1 and corporate governance documents.

#### Article 7

##### (Exercise of Shareholder or Member Rights)

The Chapter 18 of this Asset Management Policy specifically sets forth the fundamental principles SSH adheres to when exercising the corporate rights of shareholders or members at the general meeting or in its capacity as the founder of single-member companies. Chapter 19 further provides detailed rules for the selection of individuals who are anticipated to exert independent or collective influence on shaping the legal and business decisions of a particular company with state capital assets.

## 11.3 CLAIM MANAGEMENT

### Article 8 (Scope of Claim Management)

SSH shall manage claims individually at the level of each debtor or, where appropriate, at the level of the business group as a whole.

The management of claims shall be focused on ensuring the highest possible recovery of claims, either voluntarily based on a contractual relationship with the debtor or by enforcing pledged assets or by repaying surplus assets of the debtor in bankruptcy proceedings. This shall also include the subsequent acquisition of claims and the disposition of claims. In managing claims, SSH shall ensure traceability, transparency, and adhere to the principle of a private investor.

In cases where SSH is both a creditor and the owner of the debtor (SSH holds ownership or equity stakes in it), it shall strive to maximize their combined value.

### Article 9 (Tasks of SSH in Claim Management)

As part of claim management, SSH shall primarily perform the following tasks and activities:

- restructuring the debts of operating companies in order to ensure rapid deleveraging while simultaneously ensuring the survival and development of the company;
- encouraging companies to refinance their debts;
- collaborating and pursuing common interests with other financial creditors in cases where other financial creditors are also involved in the restructuring;
- coordinating management activities within SSH when SSH acts as both the owner and the creditor;
- identifying all possible repayment options for SSH's claims in cases where the debtor is unable to fulfil its obligations from the cash flow;
- collaborating and actively seeking solutions with the bankruptcy receiver in cases where SSH's claim is filed in a bankruptcy proceeding;
- prompt responsiveness to all calls, announcements, and sales procedures in bankruptcy proceedings of companies;
- seeking potential buyers for claims and conducting sales procedures;
- providing liquidity to debtors undergoing restructuring who are unable to restructure in the market, if this is economically and commercially justified and does not constitute unauthorised state aid;
- taking over the security for claims and acquiring additional claims against the debtor if it is deemed economically justified.



## 11.4 TANGIBLE ASSET MANAGEMENT

### Article 10

#### (Scope of Tangible Asset Management)

Tangible asset management primarily involves taking measures to maximize its value and implementing appropriate disposition procedures to achieve the highest possible selling price with minimal costs. Management activities are guided by the disposition strategy. Disposal of tangible assets includes selling, leasing for subsequent sale, leasing for generating cash flow for SSH, or exchange.

### Article 11

#### (Tasks of SSH in Tangible Asset Management)

As part of tangible asset management, SSH shall primarily perform the following tasks and activities:

- assuming control of assets as part of realizing the collateral for existing claims, and subsequently managing these assets while taking into account the interests of SSH;
- preserving the value of tangible assets and ensuring its protection and insurance in favour of SSH through appropriate maintenance and security measures;
- investing in tangible assets with the aim of increasing its value or marketability, which includes participating in spatial planning decisions, land development activities, completing or constructing buildings, etc.;
- seeking potential buyers or tenants for tangible assets, including proper advertising and conducting appropriate procedures;
- collaborating professionally with other management areas and real estate companies owned by SSH in the field of real estate activities.

## PRINCIPLES PURSUED IN ASSET MANAGEMENT

### Article 12

#### (Principle of Responsibility and Due Care)

Members of the SSH bodies must act with the diligence of a conscientious and fair business operator when exercising their duties. They must act solely in the interest of SSH, and, when managing assets of the Republic of Slovenia, solely in the interest of the Republic of Slovenia. They must constantly strive to improve the corporate governance of SOEs and serve as an example of responsible and diligent managers for other shareholders and stakeholders. The

same shall apply *mutatis mutandis* to the management of claims and tangible assets, especially real estate. In its operations, SSH shall adhere to Slovenian and international recommendations and best practices for managing capital assets, claims, and tangible assets.

Members of the SSH bodies and other persons responsible for any area of operation must act in a responsible manner when managing assets and performing their duties. The responsible conduct of the members of SSH bodies and other persons responsible for any area of operation is ensured in particular through the establishment, documentation, and supervision of:

- the management and operation of SSH in accordance with applicable regulations and in line with the objectives, the Strategy and the SSH Annual Asset Management Plan;
- clearly determined rights, obligations and authorities of individual members and office-holders in asset management in line with SSH internal legal documents;
- the introduction and the functioning of internal policies as well as the organisation of SSH which enables and ensures an effective system for the supervision and the management of SSH assets held in subsidiaries and affiliates, in line with the objectives, the Strategy and the SSH Annual Asset Management Plan;
- adequacy and effectiveness of internal control systems;
- adequacy and effectiveness of the internal risk management system (which addresses organisational, legal, financial and other risks);
- the implementation of provisions of Chapter 6 of ZSDH-1 which sets measures to strengthen integrity and responsibility and limit risks in connection with corruption, conflict of interest and abuse of inside information in the managements of assets, as well as the oversight and SSH reporting duties;
- adequacy and effectiveness of the system of internal communication and reporting systems as well as relationships with competent authorities;
- performance evaluation policies and suitability of members appointed to hold office in SSH bodies;
- record-keeping of SSH Management Board meetings, collective decision-making bodies of SSH, and SSH Supervisory Board, including the existence of transcripts of audio recordings of SSH Management Board and Supervisory Board meetings, and other significant documentation that allows the assessment of the performance, diligence, and responsibility of members of SSH bodies and other responsible individuals.

#### Article 13 (Principle of Independence)

SSH and its bodies shall not be bound by instructions from state authorities or third parties, and, when fulfilling their duties in accordance with ZSDH-1, must act independently and autonomously. Exceptions shall include the provisions of ZSDH-1 which require the mandatory

consideration of objectives set in the Strategy, Annual Asset Management Plan, and the Code of Corporate Governance of State-Owned Companies.

This does not imply that the communication between SSH, state authorities and other public law entities is forbidden, but that it must be traceable. The communication with state authorities or other public law entities cannot have the nature of mandatory instructions and therefore does not bind SSH bodies. Despite any expressed positions of state authorities and other public law entities, SSH bodies shall retain full responsibility for their decisions under the Companies Act and ZSDH-1.

Decisions regarding the disposition of SSH assets shall be made at SSH's discretion, in accordance with the Annual Asset Management Plan. SSH shall not be bound by any restrictions or consents unless the provisions of ZSDH-1 concerning the disposition of strategic and important capital assets, or any other law prohibit or limit the disposition of specific assets or if the competent state authority must issue a special decision in accordance with the law to authorize the disposition. The provisions of the Act regulating public finances shall not apply to the disposition of assets of the Republic of Slovenia which are managed by SSH.

#### Article 14 (Principle of Transparency)

SSH's operations should be as transparent as possible to the public, and the management of assets held in individual companies should be transparent to stakeholders with legitimate interests in those companies.

When managing assets, SSH shall take into account the adopted governance documents as determined by ZSDH-1 as well as regulated procedures and criteria for decision making related to the asset management.

The transparency is ensured when making decisions and when ensuring responsibility and accountability as well as the traceability of potential attempts to exert undisclosed influence on decisions made by SSH's corporate bodies. The meetings of the SSH Management Board and Supervisory Board shall be recorded, and transcripts of audio recordings shall be provided, while other collective decision-making bodies shall ensure written documentation.

In the management procedures, especially in the processes of acquiring and disposing of assets, it must be clearly defined who makes individual decisions or performs any procedural acts. The traceability of decision-making and actions, as well as custody and storage of all contracts concluded in the process, must be ensured. The transparency shall also be ensured by recording and documenting contacts between SSH and other participants in the process.

SSH shall clearly define the rights, obligations, and authorities of individual members and holders of positions in asset management within its internal acts. Moreover, it shall establish explicit measures to ensure transparency and traceability in its operations.

Article 15  
(Principle of Cost-effectiveness)

When managing capital assets, SSH must act in a cost-effective and efficient manner which ensures the achievement of goals defined in the governance documents referred to in ZSDH-1, particularly in the Strategy and Annual Asset Management Plan.

SSH must establish a risk management system for in its operations, encompassing the identification and monitoring of risks associated with the achievement of individual management objectives. Risks should be properly evaluated and managed.

SSH is responsible for organizing the work and staffing structure of its employees, enabling the establishment of the most effective management processes across all areas of its operations. External services may only be contracted by SSH if internal resources cannot ensure adequate asset management.

Procedures for disposing of and acquiring capital assets, taking into account the specificities of each case, should be conducted by SSH with minimal costs. Particular care should be exercised when procuring services from external legal or financial advisors, conducting due diligence, appraisers, or other service providers related to the disposition or acquisition of capital assets.

## OBJECTIVES OF ASSETS MANAGEMENT

Article 16  
(General Asset Management Goals)

The objectives of asset management shall include increasing the value of assets, ensuring high returns for asset holders, and achieving any other goals defined as strategic in the Strategy or other legislative acts.

Specific objectives of SSH in managing assets in individual companies, as well as measures and guidelines to achieve these objectives, shall be defined in the Annual Asset Management Plan based on the Strategy.

Article 17  
(Objectives in Acquisition and Disposal of Assets)

The primary objective in the sale of investments shall be to achieve the highest possible sale price. If not conflicting with the primary objective and the rules of European law on state aid, the sale of capital assets should also consider the strategic and macroeconomic objectives of the state, as defined in the Strategy and Annual Asset Management Plan.

In the exchange of capital assets and tangible assets, as well as the conversion of claims into equity stakes or tangible assets, the aim shall be to achieve a higher overall economic value for SSH, or the Republic of Slovenia compared to the previous state. The same applies, *mutatis mutandis*, to the acquisition of capital assets.

The objective of encumbering capital assets shall be to obtain a more favourable position in accessing financial resources, particularly monetary resources.

DECISION-MAKING IN ASSET MANAGEMENT

Article 18  
(Responsibility of SSH Management Board)

In accordance with Article 47 of ZSDH-1, the SSH Management board is responsible for all management decisions.

When acquiring or disposing of capital assets which exceed the value specified in the SSH Articles of Association, the SSH Management Board must obtain prior approval from the SSH Supervisory Board. The same applies when the SSH Articles of Association requires the Supervisory Board's consent for entering into contracts specifically related to asset management with external advisors, appraisers, and other service providers.

Article 19  
(Method of Making Management Decisions)

SSH shall makes all decisions related to acquiring or disposing of capital assets, exercising shareholder or partner rights, exercising creditor or real estate owner rights, or entering into contracts and other legal transactions specifically related to asset management (management decisions) in the form of written resolutions.

Each SSH management decision must be based on a professionally justified proposal prepared by the person responsible for asset management (the asset manager) and approved by the Head (the Director) of the relevant internal organizational unit of SSH responsible for managing the capital asset. From a legal perspective, the proposal must be reviewed by a lawyer, and if necessary, other experts employed by SSH may also be involved in its preparation.

The proposal from the previous paragraph must include all necessary information for the decision and the wording of the resolution, clearly indicating the complete content of the proposed decision. If the decision relates to entering into a contract, giving consent to a contract, or any other legal transaction, the essential content of the contract or transaction being decided upon must be evident from the proposal. The same applies to any other document proposed for signing or submitted for prior approval of its text.

If the proposal concerns the adoption of a management decision within the competence of the SSH Management Board, it must be verified for compliance by a person employed in the internal organizational unit of SSH responsible for compliance and integrity, in accordance with the SSH's internal policy.

#### Article 20

##### (Delegation of Authority for Making Management Decisions)

The internal regulations of SSH governing the delegation of authority for conducting business may determine that certain management decisions may be made by the executive board responsible for capital assets held in the relevant company, an individual who holds an authorized managerial position in SSH, or another authorized representative of the Management Board (hereinafter referred to as the "other authorized person"), depending on the value and type of the investment.

#### Article 21

##### (Preparation of Asset Management Plan)

If SSH is conducting a management procedure related to capital assets held in a certain company, such as disposition or acquisition, or if it involves a series of interconnected activities in relation to capital assets held in a certain company over an extended period, not merely regular, individual, or occasional management decisions, the Management Plan is prepared as a basis for initiating activities and preparing appropriate proposals for further decisions.

The Management Plan shall present strategies for maximizing the value of each case from the perspective of SSH or the Republic of Slovenia (taking into account economic and strategic goals) and possible alternatives. If necessary, the Management Plan may be modified or supplemented accordingly.

The Management Plan may cover assets held in multiple companies for which multiple similar management activities shall be planned or uniform decisions will be made.

The Management Plan shall be approved by the SSH Management Board or other person authorized for its approval through a resolution.

Article 22  
(Appointment of Group)

In more complex cases, the SSH Management Board or other authorized person may appoint a special group, which usually consists of SSH employees, to prepare the Management Plan referred to in the previous article, or to prepare individual proposals referred to in Article 19 of this Asset Management Policy, or to coordinate the implementation of the approved Management Plan. In such cases, the group members shall unanimously prepare the Management Plan or proposals, which shall be professionally justified, to adopt and implement management decisions.

## COMPLIANCE AND INTEGRITY SYSTEM IN ASSET MANAGEMENT

Article 23  
(Compliance and Integrity Officer)

To establish and implement a compliance and integrity system, SSH shall employ a Compliance and Integrity Officer (the Chief Compliance and Integrity Officer), whose tasks and powers are regulated by Article 54 of ZSDH-1.

The Chief Compliance and Integrity Officer shall be ensured independence in carrying out their duties.

The Chief Compliance and Integrity Officer may be a person who meets the requirements for a member of the SSH Management Board under ZSDH-1. The Chief Compliance and Integrity Officer is appointed by the SSH Management Board with the prior consent of the SSH Supervisory Board. The Chief Compliance and Integrity Officer can only be dismissed from their position with the consent of the SSH Supervisory Board.

Article 24  
(Management of Conflicts of Interest)

Persons who are responsible for making asset management decisions, individuals who are responsible for operational tasks related to the implementation of asset management activities,

and other individuals who are entrusted with any asset management-related tasks or activities must strictly avoid conflicts of interest as defined by the law governing integrity and prevention of corruption. They must not use their position, or the information acquired in the performance of their functions or tasks to realize any unauthorized personal interests for themselves or others.

If any of the aforementioned individuals become aware of circumstances which could lead to a conflict of interest, they must immediately disclose such circumstances and withdraw from further work, influence, or decision-making in relation to the asset management, or request that the SSH Management Board or, if requested by a member of the SSH Management Board, the SSH Supervisory Board decide on their exclusion or other necessary measures. Until a decision is made by the SSH Management Board or the SSH Supervisory Board, which must be made within five working days after receiving the request, the individual shall not perform any work or make any decisions related to the matter, unless significant business damage would result from delay.

SSH must include a specific clause in contracts related with the asset management process and concluded with external financial or legal advisors, appraisers, and other service providers, which requires them to manage conflicts of interest in accordance with this Article.

The duty to avoid conflicts of interest and instructions for managing conflicts of interest shall be regulated by an internal guideline of SSH.

#### Article 25

##### (Safeguarding Confidentiality and Inside Information)

Individuals referred to in the previous Article shall be obliged to treat all data, facts, and circumstances regarding capital assets under management as confidential, regardless of how they became aware of them. Confidential information also includes, in particular, plans and intentions regarding the disposition of assets held in a specific company until they are publicly disclosed, as well as any information concerning the progress of the process. In particular, these individuals must not disclose confidential data, facts, and circumstances related to asset management to third parties, nor may they use or allow third parties to use them unless such information is required by the agency responsible for securities market supervision or any other supervisory authority authorised for conducting supervision in accordance with the law.

If individuals referred to in the previous Article become aware of information which qualifies as inside information according to the Market in Financial Instruments Act (ZTFI-1) and the inside information pertains to a company with a state capital asset, SSH must include them in the list maintained based on Article 56, Paragraph 3 of ZSDH-1, which associates data on the identification symbol of the equity security with the data enabling the identification of individuals



who have become aware of inside information related to the company with a state capital asset, the issuer of that security.

SSH must include a specific clause in contracts related with asset management and concluded with external financial or legal advisors, appraisers, and other service providers, which requires them to respect the confidentiality stipulated in Paragraph 1 of this Article, and to confirm that they are aware of SSH's obligation as stated in Paragraph 2 of this Article.

The safeguarding of data confidentiality and inside information, as well as trade secrets, shall be further regulated by SSH internal policies and regulations.

#### Article 26 (Customer Due Diligence)

SSH, with the diligence of a contentious and fair business operator, shall implement all measures stipulated by the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2), ZSDH-1, and this Asset Management Policy, as an entity liable to perform customer due diligence, particularly regarding buyers and sellers of capital assets. The details of implementing the measures for customer due diligence and assigning responsibilities to individual employees in this regard shall be regulated by SSH internal policies and regulations.

In accordance with ZPPDFT-2, the SSH Management Board shall appoint an authorized person for the prevention of money laundering and terrorist financing (the Anti-Money Laundering Officer) and their deputy from among the employees of SSH.

During the process for the sale or acquisition of assets, SSH shall inform potential buyers or sellers, either directly or indirectly (e.g., through a financial or legal advisor), and in an appropriate manner about the measures that the liable entity must undertake regarding customer due diligence.

For the avoidance of doubt, SSH must fully complete the customer or seller due diligence process before entering into a contract for the sale or purchase of capital assets. When it is not possible for SSH to carry out a full customer due diligence to the required extent, an agreement on the sale of capital assets cannot be concluded.

#### Article 27 (Obligation to Apply Anti-Corruption Clause)

If the subject of disposition is capital asset owned by SSH, taking into account each individual case, it is mandatory to include a clause in all contracts related to the disposition which are concluded with SSH with other contracting parties. This clause should state that any contract or specific provision of the contract related to the disposition of the asset, in which someone

on behalf of or for the account of one contracting party promises, offers, or provides any unauthorized benefit to (i) obtain a deal, (ii) conclude a deal on more favourable terms, (iii) neglect proper supervision of contractual obligations, or (iv) engage in any other act or omission causing harm to the other contracting party or enabling the acquisition of an unauthorized benefit to a representative, agent, or intermediary of the other contracting party, shall be null and void. Ancillary transactions related to such a contract shall be challengeable.

If SSH disposes of a capital asset owned by the Republic of Slovenia, taking into account each individual case, a clause must be included as a mandatory component in contracts for the disposition of capital assets exceeding EUR 10,000 (excluding VAT), as well as in contracts concluded with external legal and financial advisors, appraisers, and other external service providers related to the disposition process. This clause should state that any contract in which someone on behalf of or for the account of the other contracting party promises, offers, or provides any unauthorized benefit to a representative or intermediary of a public sector body or organization, promises, offers, or provides any unauthorized benefit to (i) obtain a deal, (ii) conclude a deal on more favourable terms, (iii) neglect proper supervision of the implementation of contractual obligations, or (iv) engage in any other act or omission causing harm to the public sector body or organization or enabling the acquisition of an unauthorized benefit to a representative of a public sector body, intermediary of a public sector body or organization, other contracting party, or its representative, agent, or intermediary, shall be null and void.

SSH may also include additional provisions in contracts to restrict corruption, conflicts of interest, or any other business practices contrary to morality or public order.

The provisions of this Article, which relate to the disposition of capital assets, shall be *mutatis mutandis* applicable to the acquisition of capital assets for the ownership of SSH or the Republic of Slovenia. If the value of the contract exceeds EUR 10,000 (excluding VAT), SSH is obliged to include an anti-corruption clause, which is defined in Paragraph 2 of this Article, in the contract, regardless of the purpose, type, subject, or nature of such contract.

#### Article 28 (Know Your Customer)

When entering into any business relationship or contracts with third parties, even when the provisions on client due diligence and the execution of necessary due diligence measures under ZPPDFT-2 do not require it, SSH shall strive to obtain all necessary information to identify and assess potential risks which could arise from contractual or any other business relationship with these parties. SSH shall determine the data and information that third parties must provide as a condition for concluding a transaction.

Article 29  
(Prohibition on Acquiring Assets)

A prohibition on acquiring assets shall apply to the members of the SSH Management Board and the SSH Supervisory Board, as well as to members of committees and other bodies established by the SSH Management Board or the SSH Supervisory Board, and to all employees of SSH. They are prohibited from acquiring assets that are owned or managed by SSH, held as collateral by SSH, or subject to any other entitlement of SSH.

The prohibition shall remain in effect for an additional 12 months after the termination of employment or the end of the position and shall also apply to immediate family members of individuals mentioned in the preceding paragraph.

Article 30  
(Restrictions on Transactions with Related Parties)

SSH must not engage in business transactions with a company, individual entrepreneur, or any other business entity from the public or private sector in which a member of the Management Board, a member of the Supervisory Board, or a procurator of SSH, or any of their immediate family members, is a sole trader or holds an interest in the share capital which individually or collectively exceeds 5%.

SSH is also prohibited from conducting business with entities in which SSH holds capital assets or with those in which a member of the Management Board or a procurator of SSH, or any of their immediate family members, holds a position as a legal representative, member of a management or supervisory body, or a procurator.

SSH shall maintain a list of entities which are subject to the restrictions on transactions under this Article. This list shall be published on the SSH website. When entering into contracts with business entities, SSH shall require them to disclose all relevant circumstances regarding their organization and expressly confirm that the restrictions on transactions under this Article do not apply to them.

The prohibition on conducting business does not apply to the acquisition of ordinary products and services under general conditions applicable to all entities in the market.

Notwithstanding the provisions of the preceding paragraphs of this Article, the conclusion of individual transactions with related parties is permissible based on a decision by the SSH Supervisory Board. The Supervisory Board may grant permission for the conclusion of a transaction based on a reasoned proposal from the SSH Management Board if it determines that the transaction is of significant economic interest to SSH and that the risks of conflicts of interest, corruption, and abuse of inside information are appropriately managed, and the

integrity of SSH is ensured. The written and reasoned decision of the SSH Supervisory Board granting permission for such business transactions is a matter of public information and must be published on the SSH website.

## PROCUREMENT OF GOODS AND SERVICES, HIRING EXTERNAL CONSULTANTS, AND EMPLOYMENT

### 11.5 GENERAL

#### Article 31 (Obligation of Public Procurement)

SSH is considered a contracting authority under the law governing public procurement when procuring goods, services, or construction works exceeding the threshold for which open procedure, procedure with prior qualification, competitive dialogue, or negotiated procedure with or without prior publication is required under the law governing public procurement.

#### Article 32 (Regulation of Procurement in SSH Internal policies and Regulations)

The procedure for procuring services and goods, as well as the duties and responsibilities of individuals involved in the process, shall be further regulated in the SSH internal policies and regulations governing the procurement of goods and services.

#### Article 33 (Obligation to Publish)

In accordance with the provisions of the Public Procurement Act, SSH must publish on its website the essential elements of a contract with an external contractor within 5 days of its conclusion, if the contract pertains to donation, sponsorship, consulting, or other copyright or intellectual services.

## 11.6 ENGAGING EXTERNAL ADVISORS

### Article 34

#### (Reasons for Engaging External Advisors)

Taking into account the principle of cost-effectiveness, SSH may hire financial advisors, tax advisors, legal advisors, appraisers, or other experts in specific fields (hereinafter referred to as: "External Advisors") for the purposes of asset management in the following cases:

- 1 when it involves carrying out management activities, disposition or acquisition of capital assets with the scope and complexity which exceeds the capacity of the SSH's staff, and engaging the External Advisor is necessary for the good quality of the implementation of the job and such practice is common in the market;
- 2 when it involves conducting due diligence, valuation, restructuring of a company and other specialized tasks which require expertise not available within SSH;
- 3 when obtaining legal opinions which require highly specialised expertise not available within SSH;
- 4 when SSH identifies increased legal, financial, or other risks related to asset management, disposition or acquisition processes, and intends to obtain additional expert support to mitigate such risks.

Before engaging the External Advisor, SSH must clearly define measurable objectives, tasks and expectations in connection with specific advisory service as well as provide time framework periods within which the External Advisor must deliver the agreed-upon service.

The external service provider is obliged to produce a written document in accordance with the requirements of their field regarding the completed service.

### Article 35

#### (Appraisals)

For the purpose of making informed managerial decisions, SSH shall utilize valuation reports prepared by internal or external appraisers who are professionally qualified individuals with experience in investment valuation.

The method of conducting internal valuations and the requirements which internal valuations must meet shall be determined by SSH internal policies and regulations. SSH shall commission external valuations when specifically stipulated by this Asset Management Policy (e.g., valuation of majority capital assets) or when the circumstances of a specific case necessitate the engagement of an external appraiser.

Article 36  
(Process for Selecting External Advisors)

Where SSH is required to conduct a public procurement procedure under Article 31 of this Asset Management Policy, the selection process (the contract award procedure) shall be managed by a tender committee appointed by the SSH Management Board or another authorized person. The procedures for contract award detailed in the Public Procurement Act (ZJN-3) and the SSH internal policies and regulations referred to in Article 32 of this Asset Management Policy shall govern the process of public procurement.

When a public procurement procedure is not required because the advisory service does not exceed the threshold value set in the Public Procurement Act (ZJN-3), the procedure shall be conducted as for the award of the below threshold contract in compliance with the SSH internal policies and regulations referred to in Article 32 of this Asset Management Policy. Where the service is ordered for the needs of a specific asset management process for which a special group has already been appointed by SSH, the same group shall generally conduct the process for the selection of the External Advisor. In other cases of awarding the below threshold contracts, the responsibility for selecting the External Advisor shall usually lie with the Head (the Director) of the relevant internal organizational unit of SSH, who may also designate an expert employed within that organizational unit to perform tasks related to the specific below threshold contract award process.

Article 37  
(Specifics of Selecting External Valuation Experts)

Notwithstanding the provisions of the previous Article, the internal organizational unit of SSH responsible for valuations shall conduct the below threshold contract award process for engaging external valuation experts, and its Head (the Director) is responsible for this task. Where, in accordance with the Public Procurement Act (ZJN-3) and Article 31 of this Asset Management Policy, a public procurement procedure must be conducted, the tender committee includes at least one expert from the aforementioned organizational unit of SSH.

Where SSH is ordering the service of an external expert in investment valuation, the service can only be provided by an independent valuer with an authorized mandate (the license) from the Slovenian Institute of Auditors, registered in one of the public registers maintained by the Slovenian Institute of Auditors (the register of authorized valuers of companies, register of authorized real estate valuers, or register of authorized valuers of machinery and equipment).

## 11.7 EMPLOYMENT

### Article 38 (Employment)

When a work process within an individual internal organisational unit of SSH cannot be efficiently carried out with currently employed staff within this unit, or when longer-lasting or a permanent increase in the workload is expected in an individual unit which cannot be carried out with currently employed staff, the Head (the Director) of the organisational unit shall propose to the SSH Management Board to recruit an additional or several additional employees in an internal organisational unit. The decision may be taken by the SSH Management Board without a special proposal by the Head of the internal organisational unit, without a specific proposal from the head of the internal organizational unit if it deems that there are reasons for it.

When SSH recruits new employees, the vacant position must be publicly announced, except in cases stipulated by the law.

For other employment matters, the law governing employment relationships and SSH internal policies and regulations shall apply.

## BASIC PRINCIPLES FOR EXERCISING SHAREHOLDER OR SHAREHOLDER RIGHTS AT GENERAL MEETINGS OF SOEs

## 11.8 GENERAL PROVISIONS

### Article 39 (Participation at General Meetings)

The provisions of this Chapter relating to the exercise of shareholder or shareholder rights at company general meetings shall apply *mutatis mutandis* to the adoption of resolutions in one-person companies when SSH acts as the founder or sole shareholder, except for provisions which are by their nature intended to regulate the relationship of SSH with other participants in the general meeting and its conduct.

SSH shall attend all general meetings of companies in which it exercises shareholder or shareholder rights or is entitled to governance entitlements based on ZSDH-1, except in cases specified in Paragraph 3 of this Article, or when the SSH Management Board, taking into account the principle of cost-effectiveness, deems that SSH's participation in the general meeting is not urgently necessary.

In accordance with the previous paragraph, SSH shall generally not attend general meetings of companies in which its governance entitlements are less than 1%. The reason for non-attendance is based on the principle of cost-effectiveness due to the negligible impact of SSH on the outcome of the resolutions adopted at general meetings. However, where SSH deems that the interests of the companies still require its presence, it shall also attend these general meetings.

Article 40  
(Clear Definition of Each Item on Agenda)

SSH will generally vote for or against a proposal or submit its own counterproposal.

SSH may abstain from voting (not cast a vote) only in cases specifically provided for in this Chapter of the Asset Management Policy.

Where a company submits a confirmation of a business decision to the general meeting, the adoption of which falls entirely within the competence of the management and supervisory bodies and does not require the consent of the general meeting, SSH will vote against such a resolution.

Article 41  
(Convocation of General Meeting)

Where a general meeting is not convened, but the interests of the company require it to be convened, SSH shall address a request for convening the general meeting to the management body of the company in accordance with the provisions of ZGD-1 and shall also inform the supervisory body of the company thereof. Where the management body of the company fails to convene the general meeting within the statutory deadline based on the request and with the requested agenda, SSH shall request the court to authorize it to convene the general meeting.

Article 42  
(Registration for General Meeting)

SSH shall ensure timely registration for the general meeting of SOEs in accordance with applicable regulations.



Article 43  
(Deliberation of General Meeting and Representation at General Meeting Based on Instructions)

Each general meeting shall be treated individually, and each item on the agenda separately and in relation to other items.

SSH shall be represented at the general meetings by an authorized representative, who is specifically authorized by the SSH Management Board for each general meeting in accordance with the provisions of ZGD-1 and SSH internal policies and regulations.

The authorized representative of SSH shall vote at the general meeting in accordance with written voting instructions.

Article 44  
(Supplementing Agenda)

Where SSH considers the agenda of the convened general meeting to be incomplete, it prepares a request for an additional item on the agenda in accordance with Article 298 of ZGD-1.

Article 45  
(Counter-proposals)

Where SSH deems a proposal at the general meeting to be inadequate, it votes against such a proposal and, if necessary, prepares its own counterproposal. SSH will strive to submit a counterproposal before the general meeting, but no later than during the general meeting itself. Where counter-proposals by other shareholders or stakeholders, which are voted on before the SSH proposal and are substantively identical to the SSH proposal, have been submitted before or during the general meeting, the authorized representative of SSH may vote in favour of such a proposal.

Where the authorized representative of SSH becomes aware of a counter-proposal by another shareholder shortly before or during the general meeting, which is substantively different from the SSH position on the relevant agenda item, they shall vote against that proposal.

The SSH Management Board may authorize the authorized representative to vote at a specific agenda item based on their own professional judgement, taking into account the positions and guidelines contained in the voting instructions from Article 43 of this Asset Management Policy.

## **11.9 ELECTION AND DISMISSAL OF MEMBERS OF SUPERVISORY BODIES**

### Article 46

#### (Election of Members of Supervisory Bodies)

SSH shall vote for the election of members of the supervisory bodies at general meetings based on objective criteria that are equal for all candidates.

The compliance of candidates with legally prescribed conditions and criteria, as well as the conditions specified in internal policies and regulations SSH internal policies and regulations, is ensured through the nomination procedure described in Chapter 19 of this Asset Management Policy, which consists of accreditation and nomination. The SSH Nomination Committee must carry out the procedure even when other shareholders propose candidates for the members of the supervisory body of individual companies, and this should be done before the voting takes place. Where other shareholders propose candidates for the members of the supervisory body in a way that the SSH Nomination Committee cannot carry out the procedure on time, SSH shall vote against their election proposals. In companies where SSH's voting rights stake is less than 5%, SSH may also abstain from voting if it does not have its own election proposal, or if the vote has already taken place for its candidate who was not elected.

### Article 47

#### (Dismissal of Members of Supervisory Body)

Where the performance results of a particular company significantly deviate from the company's business and financial plans, and there is reasonable suspicion that such deviation is also a result of negligence by the members of the supervisory body, or if there are other professionally justified reasons for the dismissal of any of its members (e.g., unjustified or unexplained substantial deviation from the Code, SSH Recommendations and Expectations, significant changes in the company's operating circumstances requiring adjustment of the supervisory body's profile, less effective functioning of the supervisory body as a collective body, loss of owner's trust), SSH will propose the amendment of the agenda of the general meeting, or call an extraordinary general meeting where it will vote for the dismissal of the members of the supervisory body and the election of new members in accordance with ZSDH-1.

The grounds for the dismissal of a member or multiple members of the supervisory body will be publicly disclosed by SSH in accordance with Sub-Chapter 18.8 of this Asset Management Policy.

#### Article 48

##### (Verification of Fulfilment of Conditions During Term of Office)

In accordance with Article 21, Paragraph 7 of ZSDH-1, SSH shall regularly verify the fulfilment of criteria and requirements by members of the supervisory bodies of SOEs, as specified in the Paragraphs 2, 3, and 4 of the same Article. In case of finding non-compliance, SSH must immediately initiate procedures for their dismissal. This means that members of the supervisory bodies must meet the criteria and requirements referred to in ZSDH-1 throughout their term of office and not just at the time of their appointment.

Where SSH determines that a current member of the supervisory body no longer meets the conditions for performing their function, but the circumstances indicate that the illegality can be remedied by the member themselves, SSH will first request the member to remedy it within a period not exceeding 30 days. However, if it is not reasonably expected that the illegality can be remedied, or if the member of the supervisory body fails to remedy it despite the request, SSH will proceed as described in the previous paragraph.

SSH shall consider unjustifiable non-responsiveness of a member of the supervisory body to its request to remedy the illegality as an act lacking integrity. Such non-responsiveness by the member of the supervisory body shall be recorded in the SSH Nomination Committee Portal and shall serve as a reminder, which constitutes an exclusion condition for the successful accreditation of the individual for a period of five years.

#### Article 49

##### (Appropriate Composition of Supervisory Body)

In addition to fulfilling the criteria of individual members of the supervisory body in accordance with the provisions of ZGD-1 and ZSDH-1, SSH will also consider the commitment that the supervisory bodies as a whole should be composed of members who complement each other in terms of professional knowledge and competencies, and that the age and gender structure of the supervisory body should ensure the necessary diversity in accordance with the provisions of the Code and the diversity policy, if the company has one. In this regard, SSH will also strive to achieve target values regarding gender equality representation as defined in the SSH Annual Asset Management Plan.

## **11.10 GUIDELINES REGARDING DIVIDEND POLICIES**

#### 11. Article 50

##### (Appropriation of Earnings)

SSH will strive for SOEs to inform the general meeting about the reasons for the proposed appropriation of earnings.

SSH shall consider proposals for the appropriation of earnings on an individual basis. When making decisions, SSH shall take into account several different factors:

- the adopted dividend policy of the individual company,
- development plans and the intensity of investment activities of the company,
- the amount of retained earnings from previous years,
- tax considerations,
- the required capital adequacy,
- industry conditions in which the company operates,
- mitigating the effects of any crisis events,
- Annual Asset Management Plan, and
- other factors.

Where a particular company does not have a dividend policy or if SSH disagrees with it, SSH will follow the rule that approximately half of the net operating income generated by the company, or the group in the case of a group, in the respective financial year should be allocated for dividend payments. Circumstances which justify an exception to the aforementioned guideline may include investment opportunities or their absence, non-payment due to tax limitations, retention of earnings that the company does not need for its further development, inappropriate capital structure, and similar factors.

#### Article 51

##### (Formation of Other Revenue Reserves)

SSH shall support the resolution that the retained earnings, except for the portion allocated for dividend payment, remain undistributed, unless the management of the company justifies why it is necessary to use the retained earnings for the formation of other reserves from earnings or for any other purposes in accordance with Article 230 of ZGD-1.

#### Article 52

##### (Distribution of Non-Cash Assets of Company)

In cases where SSH, as a conscientious and honest businessperson, deems it appropriate to distribute the retained earnings in non-cash form rather than in cash, it will agree with such a method of distribution. If the assets are distributed in the form of investments in shares or business interests, SSH shall also take into account the potential consequences of such distribution in terms of takeover legislation and concentrations.

#### Article 53

##### (Challenging Resolution on Distribution of Retained Earnings)

SSH will generally challenge the resolution of the general meeting regarding the appropriation of earnings in accordance with Article 399 of ZGD-1 if it is contrary to the law or the company's Articles of Association, or if the general meeting has decided not to distribute the profit to shareholders in an amount of at least 4% of the share capital, when, in the judgement of a conscientious businessperson, this was not necessary given the circumstances in which the company operates.

### **11.11 BASIC PRINCIPLES REGARDING AMENDMENTS TO ARTICLES OF ASSOCIATION**

#### Article 54

##### (Amendments to Articles of Association)

SSH will strive to amend the Articles of Association of SOEs in order to align them with the Code, SSH Recommendations and expectations, unless deviations from these documents are meaningful and justified in specific cases.

SSH will strive to determine the optimal number of members in management and supervisory bodies in the Articles of Association, taking into account the complexity of operations and other characteristics of each company, to ensure optimal conditions for the quality and efficient functioning of the body as a whole.

Where companies do not have clearly defined company objectives in their Articles of Association, SSH will seek to amend the Articles of Association to clearly and specifically define these objectives.

SSH will pay special attention to removing provisions in the Articles of Association which allow for unjustifiable shifting of responsibility for managerial decisions to the general meeting or founder.

SSH will also undertake to harmonize specific provisions in the Articles of Association of one-person companies regarding the allocation of powers and responsibilities among company bodies and to harmonize the regulation on other relevant matters which are not yet adequately addressed.

## **11.12 REMUNERATION POLICY FOR MANAGEMENT AND SUPERVISORY BODIES AND DISCLOSURE OF REMUNERATION**

### Article 55

#### (Remuneration Policy for Supervisory Bodies)

SSH shall vote in favour of approving the resolutions regarding the members of remuneration of supervisory bodies, on the condition that the remuneration of the supervisory body is structured in accordance with the law, the Code, SSH Recommendations and Expectations, and the remuneration policies of the supervisory body, if adopted by the company in accordance with the above-mentioned guidelines.

### Article 56

#### (Remuneration Policy for Management Bodies)

SSH will vote in favour of approving the Remuneration Policy for Management Bodies if such policy is formulated in accordance with Chapter 9 of SSH Recommendations and Expectations.

### Article 57

#### (Disclosure of Remuneration Policies for Management Bodies of Companies Managed by SSH and their Subsidiaries, and their Updates/Amendments)

This and the following Article shall apply to SOEs, for which the remuneration policy for management bodies has not been adopted or approved by the general meeting/founder, but rather by the supervisory body as a unified policy or in the form of multiple content-related guidelines.

SSH will strive for the companies mentioned in Paragraph 1 of this Article to disclose to the general meeting/founder their remuneration policies for management bodies, and any subsequent amendments, which have been adopted by their subsidiaries.

The disclosure of remuneration policies for management bodies, or of any of their amendments, should be a separate item on the agenda or an integral part of the item related to the company's or group's annual report, as indicated by the title of the agenda item. The relevant agenda item should be adequately explained when convening the general meeting, and relevant documentation should be attached to it. The general meeting shall make a decision in the form of a resolution of information.

Article 58  
(Review of Remuneration Policy Every Four Years)

SSH will strive for the general meeting/founder to be informed about the comprehensive remuneration policy for management bodies of the company and its subsidiaries every four years, regardless of its updates/amendments.

**11.12.1 Disclosure of Actually Paid Remuneration**

Article 59  
(Disclosure of Remuneration of Supervisory Bodies)

SSH will strive for companies to include an item at the general meeting agenda regarding the disclosure of actually achieved/paid remuneration of members of supervisory body, unless the relevant disclosure is already adequately included in the company's annual report.

Article 60  
(Disclosure of Remuneration of Management Bodies)

SSH will strive for companies (for themselves and their subsidiaries) to inform the general meeting/founder about the actually achieved/paid remuneration of members of management bodies, at least to the extent specified in the relevant appendix of the Code. Additionally, the disclosure should include the following information, unless the relevant disclosure is already adequately included in the company's annual report:

- the gross monthly or annual fixed remuneration agreed upon in the contract with a member of the management body;
- the average gross salary paid in the group companies<sup>4</sup> or the company itself<sup>5</sup>, if there is no group, in the previous financial year, i.e., the year preceding the presentation of the remuneration of members of the management body.

---

<sup>4</sup> The average gross salary in the group is calculated by summing up all the costs of gross salaries in the group companies (item "salary costs" from the income statement) minus the salary costs of the company that is not based in the Republic of Slovenia. The obtained amount is divided by the number of months of the group's operation and further divided by the total average number of employees based on hours worked in all group companies. Group companies include the parent company and its subsidiaries, as defined in Article 56, Paragraph 2 of ZGD-1, regardless of whether the consolidated annual report is prepared by the group. Subsidiaries operating within groups should consider the salaries of their parent company and all its controlled companies when calculating the average salary in the group. Only the first controlling company and its subsidiaries are taken into account, not any further parent companies and their groups in the chain upwards.

<sup>5</sup> The average gross salary in the company is calculated by summing up all the costs of gross salaries in the company (item "salary costs" from the income statement), dividing them by the number of months of the company's operation, and further dividing the obtained amount by the total average number of employees based on hours worked in the company.

- the gross amount of variable remuneration granted for the previous financial year<sup>6</sup>;
- other rights agreed upon in the contract (for the previous year) in accordance with Recommendation No. 9 of the applicable SSH Recommendations and Expectations, presented by individual groups of rights (usually showing the type of right and the maximum amounts or values allowed according to the contract);
- the amount of severance payment agreed upon in the contract for an early termination of office and the conditions for obtaining this right;
- information on any remuneration received by members of management bodies from their positions in subsidiaries or affiliates within the group, including disclosing the positions and gross amounts for each company separately.

#### Article 61

(Disclosure of Remuneration of Members of Management and Supervisory Bodies in Public Joint-Stock Company and Conditionally in Non-Public Joint-Stock Company)

Public joint-stock companies and non-public joint-stock companies for which the general meetings have decided to apply Article 294b of ZGD-1 shall prepare a report on the remuneration of members of management and supervisory bodies in accordance with the mentioned provision of ZGD-1 and submit it to the general meeting in the same manner as the annual report. Reporting on actually paid remuneration for members of management and supervisory bodies of these companies shall always be carried out in accordance with the relevant appendix of the Code.

Companies shall additionally inform the general meeting (in the form of material for the informational item) with the information as stated in the previous Article, unless the relevant disclosure is already adequately included in the company's annual report.

### 11.13 OTHER GENERAL MEETING INSTITUTES

#### Article 62

(Acquisition of Own Shares Based on Authorisation of General Meeting in Accordance with Provision of Article 247, Indent 8 of ZGD-1)

SSH will consider proposals for the acquisition of own shares on a case-by-case basis and accordingly express its position at the general meeting.

In relation to the resolution of the general meeting on granting authorization to the management board for the purchase of own shares, in accordance with the provision of Article

---

<sup>6</sup>The appendix of the Code shows the actual payments of variable remuneration for the respective year, which also includes deferred payments for previous years. This indent, however, expects disclosure regarding the payment which has been actually granted for the respective year.



247, indent 8 of ZGD-1, SSH will verify whether the proposed resolution contains the following elements:

- the duration of such authorization,
- the proportion of shares that the management board can acquire within the authorization granted, taking into account the existing company's own shares,
- the minimum and maximum purchase price to acquire the shares,
- the purposes of the acquisition,
- the reason for the exclusion of the pre-emption right of existing shareholders (if it is excluded),
- other elements as specified in Article 247 of ZGD-1,

and based on a substantive examination, decide on supporting such a resolution.

SSH will verify the ownership structure of companies which already hold their own shares, with an emphasis on identifying related persons (due to the possible exceeding of the 10% threshold of the share capital for all related persons together).

#### Article 63

##### (Position Regarding One-Tier Management System)

SSH will support the introduction of the one-tier management system only in cases of justified reasons, and the introduction of the one-tier management system is expected to have a positive impact on the company's business performance and consequently on the increase of the value of the state's capital assets in that company.

#### Article 64

##### (Position Regarding Audit Reviews)

SSH will verify whether the auditing firm proposed for auditing the financial statements has been continuously performing auditing tasks for the respective company for at least ten years from the date of its first appointment. If the auditing firm has been performing auditing tasks for the respective company for ten or more years from the date of its first appointment, SSH will vote against the reappointment of such auditing firm, or submit a counterproposal, and propose to appoint another auditing firm.

SSH will support the appointment of an auditing firm for a period of at least three years in companies which are liable to audit financial statements.

SSH will propose to conduct special audits of individual transactions, or to carry out extraordinary audits where necessary in individual cases.

Article 65  
(Employees' Participation in Company's Profit)

SSH shall support statutory provisions which shall allow the appropriation of earnings for employee payouts. If the expectations of SSH for a particular company, as determined in the approved Annual Asset Management Plan, are met, SSH will generally not oppose the general meeting resolutions on the appropriation of earnings for employee payouts, or proposals for the conclusion of agreements on employee participation in profits in accordance with the provisions of the Employee Participation in Profit Sharing Act (ZUDDob).

Article 66  
(Institute of Discharge)

SSH will vote against the proposal for granting discharge in limited liability companies (d.o.o.) unless the resolution also includes a statement that by granting discharge, shareholders do not waive any potential claims for damages, unless this matter is already explicitly regulated in the Articles of Association of the limited liability company.

Article 67  
(Other Entitlements of SSH)

SSH may also exercise all other rights related to shares or stakes concerning the company's general meeting, such as requesting a special audit, demanding an extraordinary audit, challenging resolutions of the general meeting, asserting claims for damages, requesting information, and similar actions.

Article 68  
(Authority of SSH Management Board to Adopt Additional Premises)

Regardless of the general provisions regarding SSH voting at company general meetings, as stipulated in this Chapter, the SSH Management Board may adopt resolutions to determine additional premises which SSH considers when exercising its voting rights, if there are any special circumstances or if they pertain to a limited time period. SSH shall publish such premises on its website.

## **11.14 PARTICIPATION OF KAD**

### Article 69

#### (Exercise of Voting Rights on Behalf of KAD)

In the case of exercising voting rights at general meetings of SOEs in which both SSH and/or the Republic of Slovenia are shareholders, KAD's voting rights are also exercised by SSH on behalf of and for the account of KAD, in accordance with the provision of Article 53, Paragraph 4 of ZSDH-1.

SSH shall coordinate voting positions with KAD, taking into account the specificities and purpose of KAD's establishment. If the positions cannot be aligned, SSH shall exercise KAD's voting rights at its own discretion.

## **11.15 DISCLOSURES RELATED TO GENERAL MEETINGS AND FOUNDER'S RESOLUTIONS**

### Article 70

#### (Public Disclosure of SSH's Participation in General Meetings or Disclosure of Founder's Resolutions)

In accordance with Article 66 of ZSDH-1, SSH shall publicly disclose its participation in every general meeting where it exercises its voting rights, as well as the resolutions adopted in its role as the founder.

The disclosures must be publicly posted on the SSH website within two working days after the general meeting or two days after the authorized person ensures complete documentation, depending on the circumstances.

The disclosures must explicitly indicate the company's name, the date of the general meeting, the agenda and whether SSH has voted on resolution proposals and the manner of voting. Each disclosure shall also include a statement that SSH's actions at the respective general meeting or in its role as the founder are in accordance with ZSDH-1 and governance documents.

### Article 71

#### (Exception to Disclosure for One-Person Limited Liability Companies)

The activities of SSH as the founder of one-person limited liability companies are exceptionally not disclosed, or only partially disclosed, when the content of the adopted resolution is a trade

secret and disclosure of the resolution could cause irreparable harm to the company. In such cases, only the resolutions or parts of the resolutions that do not require protection of trade secrets are published, along with a statement regarding SSH's actions being in accordance with the regulations, ZSDH-1, and governance documents.

Article 72  
(Notification of Non-Participation)

SSH shall prepare and publish on its website a list of general meetings of SOEs held in the previous month in which it did not participate, along with explanations for the non-participation, by the 15th day of the current month, except in cases specified in Article 39, Paragraph 2 of this Asset Management Policy, when a unified explanation for a specific systemic governance approach is published.

## NOMINATION COMMITTEE AND CANDIDACY PROCEDURES

### **11.16 NOMINATION COMMITTEE**

Article 73  
(Position and Tasks of Nomination Committee)

The Nomination Committee is a mandatory consultation body of the SSH Management Board whose members are appointed by the SSH Management Board for the period of four years, pursuant to the provisions of ZSDH-1 and in accordance with this Asset Management Policy (hereinafter referred to as: the "Nomination Committee"). The operating procedures of the Nomination Committee shall be determined in the Rules of Procedure for the Nomination Committee.

The task of the Nomination Committee shall be to carry out the candidacy procedure, which includes the accreditation and nomination process.

The Nomination Committee shall be autonomous and must act impartially in executing its work

The SSH Management Board shall enter into a contract with the members of the Nomination Committee for the performance of their duties as members of the Nomination Committee. The contract shall oblige each member of the Nomination Committee to respect the adopted SSH regulations regulating the field of the Nomination Committee's operation and arrange for the payment for their work. The contract shall stipulate that the members of the Nomination Committee must act independently, impartially, professionally, and exclusively in the best interests of SSH and the Republic of Slovenia.

Article 74  
(Composition of Nomination Committee)

The Nomination Committee shall consist of three members.

The composition of the Nomination Committee must ensure that all members of the Nomination Committee collectively cover at least the following areas of expertise: corporate governance, human resource management, and supervisory body operations.

One member of the Nomination Committee may be appointed from among the employees of SSH (internal member). The remaining members are external members of the Nomination Committee.

Article 75  
(Qualifications and Criteria for Member of Nomination Committee)

A member of the Nomination Committee must be an expert in at least one of the following areas:

- corporate governance,
- human resource management, or
- Supervisory body operations.

A member of the Nomination Committee must meet all the following qualifications and criteria:

- has at least 6 years of professional experience in the field for which they are appointed to the Nomination Committee or has been a member of the supervisory body of a medium or large company for at least 6 years, if they are a member of the Nomination Committee who is an expert in supervisory body operations;
- holds at least the VII university degree or at least a second-cycle degree in accordance with the law governing higher education or has an educational level equivalent to a second-cycle degree in accordance with the law governing higher education (education obtained through foreign study programs and validly recognized in the Republic of Slovenia is also recognized);
- demonstrates personal integrity;
- • is independent;
- • is not a member of the bodies of a political party;
- • is not a member of the SSH Management Board or a member of the SSH Supervisory Board;
- Is not a member of the management or supervisory bodies or an employee of a company in which SSH manages a capital asset;
- their expertise is confirmed by their success and reputation in the field they cover within the Nomination Committee.

- has not been finally convicted of an offence prosecuted *ex officio*, nor has a final indictment been filed against them for an offence prosecuted *ex officio* or for an offence against the economy, labour relations and social security, legal transactions, property, the environment, space, and natural resources;
- is available in terms of time.

#### Article 76

##### (Procedure for Appointing Member of Nomination Committee)

The procedure for appointing a member of the Nomination Committee must be objective and transparent. A public invitation to apply for the vacant position shall be published for the selection of external members of the Nomination Committee. In the case of appointing an internal member of the Nomination Committee, the SSH Management Board shall select them from among the employees of SSH. In addition to requirements and criteria from the preceding Article, the invitation to apply for the vacant position may lay down additional requirements and criteria.

The SSH Management Board shall appoint members of the Nomination Committee for a period of four years. The SSH Management Board shall publish a notice about the appointment process of the Nomination Committee on the SSH website.

The SSH Management Board can dismiss a member of the Nomination Committee if it is determined that they no longer meet the appointment requirements and criteria, are unable to perform their duties, fail to perform their duties in a professional or diligent manner, or seriously violate their obligations. The decision on the dismissal and its arguments shall be published on the SSH web site.

#### Article 77

##### (Binding of SSH Management Board to Nomination Proposal by Nomination Committee)

The SSH Management Board is bound by the nomination proposal of the Nomination Committee, which means that all candidates for supervisory or management bodies must successfully undergo the accreditation and nomination procedures; otherwise, their appointment to the supervisory or management bodies of SOEs cannot be supported within the available asset management activities.

The exception referred to in Article 48, Paragraph 5 of ZSDH-1 shall not apply.

## **11.2 CANDIDACY PROCEDURE**

### **11.2.1 Generally on Candidacy Procedure**

#### Article 78

##### (Concept and Structure of Candidacy Procedure)

The candidacy procedure is a collective term for all actions carried out with the purpose of providing the SSH Management Board with an opinion on the suitability of candidates for members of supervisory bodies of SOEs. It always includes the following stages of the process:

Phase 1: the accreditation procedure, and

Phase 2: the nomination procedure.

During the execution of individual actions in the candidacy procedure, the Nomination Committee shall be assisted by the Secretary of the Nomination Committee appointed by the SSH Management Board or other authorized professional employees employed in SSH.

#### Article 79

##### (Objectives of Candidacy Procedure)

The objectives of the candidacy procedure are as follows:

- ensuring the compliance of candidates for members of supervisory bodies of SOEs with prescribed conditions and criteria and selecting the most suitable candidates,
- ensuring a uniformly regulated, objective, and transparent candidacy procedure which guarantees traceability of actions and decisions in each stage of the candidacy procedure,
- improving the effectiveness of the supervisory bodies of SOEs,
- indirectly improving governance system and operations and ensuring responsible behaviour of SOEs,
- formulating and implementing systemic solutions regarding corporate governance in line with the OECD principles.

#### Article 80

##### (Fulfilment of Conditions and Criteria for Accreditation, Evaluation, and Assessment of Candidate Suitability)

The “Rules on the Assessment of Potential Candidates for Members of Supervisory and Management Boards of SOEs” (“the Rules”) provides detailed provisions regarding the conditions, criteria, and procedures for evaluating and assessing the suitability of potential candidates for members of supervisory and management bodies of SOEs in accordance with the provisions of ZSDH-1 and this Asset Management Policy.

The Rules also regulates certain specificities of the candidacy procedure which need to be considered when evaluating candidates, such as specific legislation (Energy Act, Banking Act, Insurance Act, etc.). In these cases, the Nomination Committee, based on its capabilities, shall also verify compliance with the requirements of the respective legislation. In the nomination report, as part of its assessment, the Nomination Committee shall include information obtained from previous verification procedures in the respective area governed by specific legislation (verification by the Insurance Supervision Agency, opinion of the Bank of Slovenia, previously conducted *fit and proper* procedures within companies subject to the candidacy procedure, etc.).

In assessing the fitness and propriety of an individual potential candidate, the Nomination Committee shall consider statements and supporting evidence submitted by such potential candidate in their application, statements given, and impression made by such potential candidate during the interview, as well as other facts and evidence which the Nomination Committee has determined based on publicly available information.

The Nomination Committee shall prepare a written nomination report for each candidate, which includes an assessment of the candidate.

In case of contentious issues, the Nomination Committee can always consult the professional services of SSH or the Chief Compliance and Integrity Officer to resolve them.

### **11.2.2 Recruitment procedure**

#### Article 81 (Recruitment Procedure)

The SSH Management Board can invite potential candidates for the supervisory body in the accreditation procedure in various ways, which include general invitations, public announcements, personal invitations, and similar methods.

#### Article 82 (Submission of Applications)

The application of a potential candidate shall only be possible in electronic form.

The potential candidate must submit the application for accreditation or registration, along with all the required supporting documents demonstrating the fulfilment of conditions, electronically through the Portal of the Nomination Committee of SSH (hereinafter referred to as the "Nomination Committee Portal").



### 11.2.3 Accreditation Procedure

#### Article 83 (Accreditation Procedure)

The accreditation process is a preliminary stage of the nomination procedure and is based on the electronic applications of potential candidates in the Nomination Committee Portal.

The Nomination Committee shall be responsible for the accreditation. Administrative assistance shall be provided by the Secretary of the Nomination Committee and, if necessary, other employees of SSH.

The purpose of the accreditation procedure shall be to determine whether potential candidates registered in the Nomination Committee Portal:

- meet the legal requirements for members of supervisory and management bodies of SOEs, as defined for accreditation in the Rules,
- fulfil additional accreditation criteria defined in the Rules.

Furthermore, the accreditation procedure shall aim to classify candidates into accreditation categories based on different levels of corporate governance complexity, for which appropriate competencies are assessed or demonstrated during the accreditation procedure. The details of accreditation categories and the criteria for them shall be determined by the Rules.

A candidate shall be accredited if, based on the information and evidence provided in the application, they meet the legal requirements for a member of the supervisory body and the additional accreditation criteria as prescribed in the Rules.

The accreditation procedure shall be concluded with the accreditation or rejection of the candidate and the categorization of the candidate into one of the accreditation categories according to the Rules.

Accredited candidates, along with their assigned accreditation category, shall be entered into the records of accredited potential candidates for members of supervisory bodies of SOEs, with the observance of legal provisions on personal data protection. The records of accredited potential candidates shall serve as a general resource used by the SSH Management Board and the Nomination Committee for advancing potential candidates to the nomination process. SSH shall also maintain a separate list of individuals whose accreditation has been rejected or revoked.

If it is subsequently determined that an accredited candidate no longer meets the legal requirements or additional accreditation criteria, their accreditation shall be revoked.

The candidate shall be notified of their accreditation, rejection of accreditation, or revocation of accreditation via the email address provided in the electronic application.

The accreditation procedure shall be further regulated in procedural terms in the Rules of Procedure of the Nomination Committee.

The accreditation of an individual candidate shall be valid for the period of three years since its endorsement.

After one year from the accreditation or renewal of accreditation, the candidate shall have the right to request the personnel committee to assess whether they have fulfilled the requirements for placement in a higher accreditation category by submitting the appropriate supplementary application through the Nomination Committee Portal.

#### **11.2.4 Nomination procedure**

##### Article 84

##### (Purpose of Nomination Procedure)

The purpose of the nomination procedure is to search for candidates who, due to meeting the legal requirements, criteria, and conditions as defined in the Rules, are suitable for serving as members of the supervisory body of a specific company, considering the company's specific characteristics and needs.

Based on the nomination order from the SSH Management Board, the Nomination Committee shall also carry out the nomination procedure for members of the management bodies of companies where no supervisory body is organized, following the same procedures as for candidates for members of supervisory bodies of companies.

Upon request from state authorities, the Nomination Committee may, with prior approval from the SSH Management Board, also assess the suitability of candidates for supervisory bodies of companies owned by the state but not managed by SSH.

##### Article 85

##### (Nomination Procedure, Supplementing the Nomination Procedure, and Inclusion of Potential Candidates in the Nomination Procedure)

The nomination procedure shall be initiated before SSH makes a proposal or votes on candidates for the supervisory body of a specific company.

The SSH Management Board or individual members of the SSH Management Board shall issue a standardized form (the nomination order) to initiate the nomination procedure. The

SSH Management Board shall also provide a definition of the desired profile for a member of the supervisory body of the specific company and shall propose potential candidates, who must substantially meet the desired profile, to be included in the candidacy procedure. Depending on the complexity of the corporate governance system within the specific company, a target accreditation category shall also be determined, which must be met by the nominated candidate. The Rules may specify additional aspects considered when including candidates in the nomination procedure and when assessing their suitability.

The deadline for implementing the nomination order should generally not be shorter than 3 working days.

The SSH Management Board or members of the SSH Management Board may include in the nomination process only those candidates who are accredited, listed in the relevant records of accredited potential candidates and categorized into the appropriate accreditation category based on the level of corporate governance complexity specific to the company to which the nomination is being made. The SSH Management Board may instruct the Nomination Committee to include additional candidates from the database of accredited potential candidates in the nomination process.

Similarly, the Nomination Committee may independently include potential additional candidates in the nomination procedure, without an order from the SSH Management Board, based on its professional judgement, while considering the predefined profiles and additional aspects specified in the nomination order and the Rules.

The SSH Management Board shall define the desired profile, including necessary experience, knowledge, and competencies, based on (i) provisions of ZSDH-1, (ii) the Asset Management Policy, and (iii) the Rules. It shall also take into account any competency profiles of supervisory bodies, diversity policies prepared by companies, any other relevant regulations, and specific circumstances related to each company.

The nomination of candidates for members of the supervisory body shall generally be carried out in the following cases:

- regular appointment of members of the supervisory body due to the expiration of their mandates,
- replacement of a member of the supervisory body due to resignation or early termination of mandates for other reasons,
- cases where SSH reasonably assesses that the replacement of the members of the supervisory body is necessary due to established incompetence, poor performance of the members of the supervisory body, loss of trust, relevant conflicts of interest, or other justified reasons.

The SSH Management Board may supplement the nomination procedure at any time during the nomination period by issuing additional orders (additional orders) to the Nomination Committee, proposing additional potential candidates to be included in the candidacy process. All potential candidates proposed in the convocation of the general meeting of the SOE shall always be included in the nomination procedure.

Article 86  
(Criteria for Evaluation and Determining Suitability)

The conditions for determining and evaluating suitability must be defined in the Rules and formulated in such a way that the Nomination Committee can comprehensively assess the suitability of the candidate and their classification in the accreditation class. In doing so, the Nomination Committee shall assess all relevant circumstances related to the potential candidate, competencies, and other skills. The Nomination Committee shall be obliged to conduct a structured interview with the candidate.

Article 87  
(Actions in Nomination Procedure)

The nomination procedure includes the following actions:

- determining the target competency composition for member(s) of the supervisory body of a specific company,
- placing potential candidates in the nomination procedure for a specific company and preparing a nomination order for the Nomination Committee,
- obtaining the candidate's consent for nomination to a specific company,
- verifying compliance with the required conditions,
- conducting a structured interview with the candidate,
- assessing and determining the suitability of candidates based on the target profile and other criteria,
- creating a nomination report for each candidate, including an explanation of the suitability assessment.

Article 88  
(Determining Suitability of Potential Candidates)

In the nomination procedures, the Nomination Committee shall verify whether the potential candidate meets the legal and other requirements and criteria for a member of the supervisory body of a specific company, in accordance with the Rules. The Nomination Committee shall assess as unsuitable those candidates who do not meet these requirements.

Article 89  
(Nomination Report and Possible Assessments)

The Nomination Committee shall prepare a nomination report for each nominated candidate, together with an explanation of the candidate's assessment, and submit it to the SSH Management Board. The report should clearly indicate the assessment of the candidate's suitability and the reasons for such an assessment.

The Nomination Committee can assess candidates as suitable or unsuitable.

Where the Nomination Committee assesses multiple candidates as suitable, the SSH Management Board, at its discretion and with the required diligence, shall select a number of candidates corresponding to the available positions in the supervisory body of the SOE. In exceptional circumstances when justified by the circumstances, SSH Management Board may select several candidates for a specific vacant position (for example, in the case of substitute affiliation of candidates in an electoral proposal).

When deciding on the candidate proposal or appointment, the SSH Management Board shall take into account, to the greatest extent possible, that the final composition of the supervisory body is in line with the competence and other requirements applicable to each supervisory body.

Article 90  
(Voting on Candidates)

SSH can propose or vote for candidates proposed by supervisory bodies of companies, other shareholders, or stakeholders only if the nomination procedure has been conducted in accordance with this Asset Management Policy and the Rules, and the candidates have been assessed as suitable. In all other cases, SSH shall vote against such electoral proposals.

Article 91  
(Records of Members of Supervisory Bodies)

The professional services of SSH shall keep a record of members of the supervisory bodies of SOEs, including information about their mandates, activities, and other data as defined in the Rules. All regulations and SSH internal policies and regulations related to the protection of personal data shall be respected in this regard.

## COMMON PROVISIONS ON SALES OF CAPITAL ASSETS

### 11.3 GENERAL

#### Article 92

(Principle of transparency in Buyer Selection)

In the process for the sale of capital assets, SSH must select the buyer in a transparent manner according to the procedure determined by this Asset Management Policy.

#### 12. Article 93

(Principle of Equal Treatment of Participants in Sales Process)

SSH must treat all participants equally under the same conditions in processes for the sale of capital assets. It must ensure that there are no elements of unjustified differentiation in the process, particularly based on circumstances which constitute local, material, or personal discrimination.

SSH may condition participation in the sales process or the disclosure of detailed information about the subject of disposition on demonstrating the seriousness of the interested parties' interest in purchasing capital assets and ensuring confidentiality.

In the sale of capital assets, differentiation based on the new owner's responsibility towards the company and its environment does not constitute discrimination where the sale is compatible with the rules on state aid. The same applies, *mutatis mutandis*, to the disposition of tangible assets, particularly real estate, as well as claims, where the disposition could have a negative impact on the general economic, social, legal, or environmental situation in the Republic of Slovenia.

#### Article 94

(Primacy of Sale Based on Public Methods)

Unless in cases as specified in this Asset Management Policy, for which it is specifically stated that capital assets may only be sold based on a direct contract, capital assets may only be sold by SSH based on one of the public sale methods or their combinations, in accordance with the provisions of this Chapter.

#### Article 95

(Compensated Disposals)

SSH may only dispose of capital assets on a compensated basis.

Article 96  
(Informing Interested Public)

SSH shall publicly disclose basic information regarding the subject, conditions, and procedure of disposition, enabling the interested public to make a decision about potential participation in the process. The published information must not be misleading.

Potential pre-emption rights holders may be specifically notified of the commencement of the public sales process.

Article 97  
(Sale Based on Principle of "As seen – As bought")

SSH shall guarantee that the capital asset will be transferred to the buyer free of encumbrances, but it does not assume responsibility for the enforceability or collectability of any rights arising from the capital asset, nor for the profitability of the capital assets unless expressly agreed otherwise in the contract.

The buyer of the capital asset cannot invoke material defects of which they were aware based on publicly available data on the capital asset or data disclosed by SSH, or which should not have remained unknown to them considering their due diligence in concluding such contracts unless otherwise prescribed by law or specifically agreed in the contract.

Article 98  
(Combining Sale Processes of Multiple Types of Capital Assets)

Where SSH holds both capital assets in a company and claims against it, both will generally be sold simultaneously within the same sales process. The same applies when SSH has a claim secured by a mortgage on part of the real estate while simultaneously being the owner of the remainder or part of the remainder of the same real estate.

Article 99  
(Mandatory Use of Slovenian Language)

In processes for the sale of capital assets, contracts which have direct economic effects for SSH, or the Republic of Slovenia are concluded in Slovenian. Where legal relations have an international element, the contract may also be concluded in a foreign language alongside the Slovenian.

## 11.4 DURATION OF PROCES FOR SALE OF CAPITAL ASSET

### Article 100 (Commencement of Process)

The process for the sale of capital assets shall begin with a resolution by the SSH Management Board or another competent authority. The basis for adopting the resolution to initiate the process is the Management Plan referred to in Article 21 of this Asset Management Policy.

### Article 101 (Termination of Process)

The process for the sale of capital assets shall be terminated:

- transferring the capital asset, which is the subject of a specific legal transaction, to the buyer, or
- if the SSH Management Board or another decision-making authority decides to terminate the process for the sale of capital asset without a sale, or
- for other reasons in accordance with regulations.

### Article 102 (Post-sales Activities)

After the conclusion of the sale and purchase agreement, SSH shall carry out all necessary activities to lawfully transfer the capital assets to the buyer in accordance with the agreement.

SSH shall actively monitor the fulfilment of obligations by the buyers as agreed in the sales contract, including non-financial obligations, if applicable. SSH shall also actively monitor the fulfilment of obligations by SSH or the Republic of Slovenia under the concluded contract. In the event any violations are detected, or any uncertainties are identified, appropriate measures shall be taken by SSH.

### Article 102 (Regulation of Sales Documentation)

SSH internal policies and regulations shall determine the method of documenting business events related to the sale of capital assets and the retention of documentation.



## 11.5 PUBLIC METHODS OF SALE OF CAPITAL ASSETS

### Article 104

#### (Sale methods and Their Combinations)

The capital asset can be sold based on one of the following sale methods or their combinations:

- a **public offer** which is implemented as a public invitation addressed to an indefinite or identifiable group of persons to purchase shares upon terms and conditions published in advance and which includes all material elements of a contract, or
- a **public auction** which is implemented as a public sale under terms and conditions of sale published in advance, where the purchase agreement is concluded with a bidder who fulfils the conditions and offers the highest price above the call price, or
- a **public call for tenders** which is implemented as an invitation addressed to an indefinite or identifiable circle of persons to submit a tender to purchase certain assets under the published conditions.

### Article 105

#### (Public Offering of Shares)

The capital assets in a public company can also be sold based on an offer of securities to the public in accordance with the law regulating the financial instruments market.

### Article 106

#### (Public Offer)

In a public offering, SSH shall follow the rule that the sale contract of the capital asset will be concluded with the recipient of the offer who first accepts the offer while fulfilling all conditions published in advance. The text of the public offer, together with the purchase conditions, must be approved by the SSH Management Board or another competent authority. Where the SSH Articles of Association require the approval of the SSH Supervisory Board for the sale of the relevant capital asset, it must be obtained before the public offer is announced.

In the case of a sale by public offer, the contract shall be concluded when the offer is accepted if the acceptance is made in accordance with the announcement. The contract is concluded based on the sequence of offer acceptance. Where multiple acceptances have the same order, the quantity shall be distributed proportionally if possible; otherwise, a draw is conducted by a commission which has been specifically appointed for this purpose, and a record of the draw is prepared.

In public offer, SSH may set and publish conditions that the recipient of the offer must meet to participate in the process and conclude the sale and purchase contract of capital assets. However, SSH cannot reserve the right to withdraw from the offer after it has been accepted or annul the process without stating any particularly justified reasons which could not have been foreseen at the time of the offer's announcement. Likewise, SSH cannot make the conclusion of the contract conditional upon its subsequent decision or consent when the recipient of the offer has otherwise fulfilled all the conditions required.

Article 107  
(Public Call for Tenders)

In public tendering, after the deadline for submitting bids has expired, the bids shall be opened by a group responsible for the sales process or a specifically appointed committee consisting of at least three employees of SSH. A record shall be made of this act, which demonstrates the formal fulfilment of the conditions required and the satisfaction of essential elements of the offer. The opening of bids can be public or non-public.

SSH must not open bids before the deadline specified in the public invitation to submit bids. Bids received after this deadline shall not be considered by SSH and shall be returned unopened to the sender.

The wording of the bid invitation, along with the purchase conditions, must be approved by the SSH Management Board or another competent authority. The invitation may stipulate that subsequent approval from the SSH Supervisory Board shall be required to conclude the contract if the SSH Articles of Association require supervisory board consent for the sale of the respective capital asset.

In public tendering, negotiations to improve financial and other sales conditions can be conducted in accordance with the conditions published only after binding bids are received. The decision on which bidders will enter into negotiations shall be made by the SSH Management Board or another competent authority through a decision by way of which the person or group to conduct negotiations on behalf of SSH shall also be appointed. The SSH Management Board or another competent authority shall be obliged to provide guidance and instructions regarding negotiation positions; such guidance and instructions shall be documented.

SSH may at any time request a bidder to improve their offer (e.g., higher price, extension of offer validity period, etc.) if it is deemed appropriate given the circumstances of the case, in which case it shall explicitly inform the bidder that such a request does not constitute a rejection of their offer.

A specific decision must be made by the SSH management Board or another competent authority to reject all bids, submit a counteroffer, or allow for the binding offer period to expire.

The deadline for submitting bids must be long enough in order to enable a wide range of potential buyers to participate in the process.

#### Article 108 (Public Auction)

A public auction is typically conducted by using information technology as an e-auction.

The wording of the invitation to participate in the public auction, which includes the rules of the public auction and the conditions for participation in the process, must be approved by the SSH Management Board or another competent authority. Where the SSH Articles of Association require the consent of the SSH Supervisory Board for the sale of the respective capital asset, it must be obtained before the invitation to participate public auction is announced.

In the pre-published rules of the public auction, SSH can set conditions for participation in the auction and the conclusion of the sale and purchase contract of the capital asset, which the bidder must fulfil. However, SSH must not reserve the right to cancel the auction or annul it without specifically justified reasons which could not have been foreseen in advance, once the bidding has already taken place. Likewise, SSH cannot make the conclusion of the contract conditional upon its subsequent decision or consent when the bidder who offered the highest price above the call price, has otherwise fulfilled all the conditions required.

Regarding the deadline between the invitation to participate in the public auction and the auction itself, the last paragraph of the previous article is taken into account *mutatis mutandis*.

#### Article 109 (Deposit and Bank Guarantee)

As a condition for participating in the sale process through public tendering or public auction, SSH may require the deposit of a certain amount of money (the deposit) or the submission of an irrevocable bank guarantee in favour of SSH, whereby the bidder or offeror strengthens their obligation to conclude the sale and purchase contract if successful in the process.

Where the bidder or offeror fails in the auction or the bidding process, SSH shall refund the deposit paid or releases the bank guarantee.

However, where the successful bidder or offeror succeeds in the auction or the bidding process and concludes the sales contract in accordance with the published conditions and other requirements, the payment of the deposit shall be considered as a payment or a sign of

concluding that sale and purchase contract. Where, within the deadline specified in the invitation to submit bids or to participate in the public auction, the successful bidder or offeror fails to conclude the sales contract due to reasons on their part, SSH shall retain the deposit or cashes the bank guarantee.

## **11.6 TWO-PHASE PROCES FOR SALE OF CAPITAL ASSET**

### **Article 110 (Non-binding Offers)**

SSH may determine that in the first phase of the public sale process, it will first conduct the collection of non-binding offers, based on which selected bidders will be allowed to participate in the subsequent process or perform a due diligence of the capital asset, subject to fulfilling predefined conditions and other requirements.

After the expiration of the deadline specified in the invitation to submit non-binding offers, which must be sufficiently long, a group responsible for the operational management of the sales process or a specially appointed commission composed of at least three employees of SSH shall conduct the opening and review of the non-binding offers, which is not public. The minutes shall be prepared during the opening of non-binding offers, in which the essential elements of each offer shall be described.

SSH may request bidders to supplement their non-binding offers if there are any ambiguities or if they do not meet all formal requirements.

### **Article 111 (Selection for Participation in Subsequent Process)**

Once the group or commission referred to in the previous article reviews non-binding offers which have been received on time, they shall exclude bidders who (even after any potential supplementation) do not meet all published conditions and other requirements necessary for the consideration of their non-binding offers. The SSH Management Board or another competent authority shall select by way of a resolution those bidders from among the remaining bidders who shall be invited to participate in the subsequent process. The selection of invitees shall be made in accordance with pre-published criteria, particularly based on the purchase price stated in the bid.

Article 112  
(Second Phase of Process)

When the first phase of the process is concluded, during which selected bidders have the opportunity to conduct due diligence and obtain other necessary information about the capital asset and the process, SSH shall invite them to submit a (binding) offer, participate in an auction, or make a purchase based on a public offer (second phase of the process).

## **11.7 DUE DILIGENCE OF CAPITAL ASSET**

Article 113  
(Due Diligence in Sale of Capital Assets)

As a general rule, the SOE or its management shall enable potential buyers to conduct due diligence of the company with state capital assets. However, in exceptional cases where SSH provides for the execution of due diligence, the provisions of the following articles shall apply.

Article 114  
(Virtual Data Room)

Potential buyers shall generally have the opportunity to conduct due diligence of the company with capital assets, usually by granting them access to a virtual data room “the VDR”) and providing them with sufficient time and necessary information to assess the value of the company with state capital assets and decide on potential participation in a public auction, acceptance of a public offer, or formulation of their own offer within the framework of a public tender. All individuals granted access to the VDR must receive the same amount of information, the same time period for reviewing the documentation in the VDR, and the same deadline for submitting an offer.

For the purposes of this Article, the VDR refers to a securely controlled website operated by SSH, where SSH stores digital materials related to the capital asset (written documents, audiovisual recordings, metadata, etc.), and potential buyers can access it online if they meet the conditions required. The VDR or the organization of due diligence can also be managed by a sales advisor engaged by SSH. In exceptional cases, potential buyers may also conduct due diligence on paper documents at the premises of SSH or at the registered office of the company whose ownership stake is being sold.

In a two-phase process, SSH shall ensure the execution of due diligence only for those bidders whose non-binding offers have been selected based on pre-published criteria and when they fulfil other conditions. If the two-phase process is not envisaged, the deadlines, conditions, and

other requirements for conducting due diligence shall be determined in the public invitation to submit offers, public offer, or invitation to participate in a public auction.

Article 115  
(Conditions for Conducting Due Diligence)

Before conducting due diligence, potential buyers must sign an appropriate Non-Disclosure Agreement (NDA). They must agree to the conditions regarding the execution of due diligence (e.g., payment of a deposit, etc.) and the due diligence protocol (setting deadlines for conducting due diligence, accessing documentation, data protection regime in the VDR, etc.).

During due diligence, potential buyers may submit written questions (Q&A). Questions and written answers must be visible in the VDR to all individuals with the access to the VDR. The identity of an individual buyer entering the VDR must not be disclosed to other buyers in the VDR.

In case of risks related to the disclosure of competitively sensitive information, a separate data space (known as a “*Black Room*”) may be arranged within the VDR, with a special regime for disclosing and accessing such information.

Article 116  
(Exemptions Regarding Provision of Due Diligence)

If publicly available information about the capital asset is deemed sufficient by SSH for making an informed purchasing decision, SSH shall only provide potential buyers with the opportunity to conduct due diligence under this Chapter if it assesses that their interest in purchasing will thus be strengthened.

Regardless of the previous paragraph, SSH shall always allow potential buyers of real estate to visit and inspect the property in person.

Due diligence is not provided to potential buyers in cases where SSH is unable to ensure its execution (e.g., the company is unwilling to cooperate, and SSH cannot guarantee it through available management measures, and similar situations).

## **11.8 DIRECT SALE AFTER AN UNSUCCESSFUL SALES PROCESS**

Article 117  
(Sale Based on Direct Agreement after Unsuccessful Sales Process)

If the process for the sale of capital asset has ended unsuccessfully, SSH may sell the same capital asset through a direct agreement if it receives an offer or expression of interest in

purchasing the investment within six (6) months of the resolution adopted by the SSH Management Board or another competent person, by way of which the sales process has been completed. In this case, SSH shall treat the potential new buyer and their offer under the same conditions and based on the same criteria as the participants in the sales process with an unsuccessful outcome (e.g., conditions for accessing the VDR, deadline for reviewing documentation in the VDR, deposit for submitting a binding offer, purchase price, financial and other sales conditions, etc.).

**11.9 JOINT SALE OF CAPITAL ASSETS**

Article 118  
(Procedure for Joint Sale of Capital Asset)

In cases where other legal or natural persons are also participants in the capital of the SOE, or when SSH is a co-owner or co-owner of real estate, or when SSH has a claim against the same debtor in addition to other parties, and in similar cases, a joint sale process may be carried out to achieve better sales results.

Before conducting the joint sale process, SSH and the other sellers must regulate all their mutual relationships regarding the conduct of the process through a specific agreement. SSH must not conclude such an agreement if the other sellers do not agree to conduct the process in a manner which ensures compliance with the basic principles and provisions of this Asset Management Policy. Likewise, SSH must not conclude an agreement on conducting a joint sales process if it fails to reach an agreement with the other sellers on measures to prevent money laundering and terrorist financing or measures to prevent conflicts of interest and corruption, which SSH is obliged to implement by law and SSH internal policies and regulations.

In the joint sale of the capital asset, SSH shall seek to obtain the consent of the other sellers to conduct the process in a manner envisaged by this Asset Management Policy for the sale of the majority capital asset or in a manner provided for the sale of the minority capital asset.

## SPECIAL PROVISIONS ON ACQUIRING AND DISPOSING OF CAPITAL ASSETS

### 11.10 DISPOSAL OF CAPITAL ASSETS

#### 11.10.1 General provisions

##### Article 119

(Exclusion of Provisions of Asset Management Policy)

The provisions of this Asset Management Policy shall not apply to the sale of shares traded on an organized securities market in the Republic of Slovenia, if it concerns liquidity management transactions within SSH's financial management, and the transaction is executed as a single or multiple direct order through an authorized stockbroker in accordance with applicable regulations. In this case, the SSH Management Board, upon the proposal of the relevant internal organizational unit of SSH or the competent person or group appointed by the SSH Management Board, shall adopt a resolution on the transfer of the capital assets or its portion to the portfolio of liquid investments of SSH. The relevant internal organizational unit of SSH, a person, or a group shall then, in accordance with the provisions of SSH internal policies and regulations governing the investment policy of SSH's portfolio of liquid investments and in accordance with applicable securities trading rules, carry out the sales process.

##### Article 120

(Resolution on Commencement of Sales Process)

The SSH Management Board or another competent person shall adopt a resolution on the commencement of the sales process of capital assets held in a specific company if the Annual Asset Management Plan provides for the possibility of selling that capital assets. The resolution shall be based on the Management Plan prepared by the manager of the respective company with capital assets, or a specifically appointed group of experts employed at SSH.

##### Article 121

(Appointment of Sales Group)

The process for the sale of capital assets is operationally led by a group of at least three persons (hereinafter referred to as "the Group") which shall be appointed from experts who are employed at SSH.

The precise number of group members shall depend on the complexity of the sales process and the value of the subject of sale. Typically, the group shall include the asset manager and the Head of the internal organizational unit responsible for the company with capital assets being sold, as well as a legal expert.

In the case of joint sales according to Article 118 of this Asset Management Policy, representatives of other sellers may also be included in the group if agreed upon by a contract



regulating mutual relations. The same shall apply to the joint process for the sale of capital assets of the Republic of Slovenia and/or SSH with the sale of capital assets of KAD according to Article 131 of this Asset Management Policy.

The group may also be appointed to simultaneously manage the process for the sale of multiple capital assets.

## Article 122

### (Role of Group in Process for Disposal of Capital Assets)

Each member of the group shall be obligated to review and consider all documents and materials related to the process for the sale of capital assets. In case of any divergent opinions, it is crucial for the group members to effectively communicate their views, align them before proceeding, or alternatively, seek a decision from the SSH Management Board regarding the contentious issue.

The specific tasks to be performed by the group shall depend on each individual case. Its operational tasks shall include preparing materials, especially proposals as stated in Article 19 of this Asset Management Policy, examining all relevant documentation related to the process, researching and advising on the best approaches based on the study, analysis, and expert assessment of the related issues, conducting, coordinating, and documenting individual sales activities, coordinating all procedural details, participating in correspondence between SSH and third parties, particularly counterparties and external service providers involved in the sale, monitoring the compliance of third parties with their obligations towards SSH, ensuring timely and appropriate responses from SSH in all anticipated and unforeseen situations which arise during the sale of capital assets, as well as any other actions affecting the sales process carried out in accordance with the resolutions, instructions, and directions of the SSH Management Board or another competent person. Regular reporting on the status of the matter to the SSH Management Board or another competent person shall also be among the group's tasks.

In addition to the above, the group shall perform tasks related to identifying the best business opportunities for the planned sale of capital assets. For this purpose, it shall collect and examine publicly available information about the business environment and market participants, verify the prices of services required for the implementation of sales activities, and seek suitable opportunities and methods to successfully complete the process. The group shall have access to all necessary documentation and other information held by SSH, unless prohibited by law or other regulations from disclosing certain data. In case of ambiguity regarding internal and confidential materials, their disclosure shall be decided by the SSH Management Board.

The group shall be required to diligently record the objectives and results of negotiations in the sales process, including significant contractual provisions and the purchase price itself.

If SSH engages an external advisor for professional assistance in the process for the disposition of capital assets, the execution of specific tasks assigned to the group, as stipulated in this Asset Management Policy, may be delegated to the external advisor. However, in this case, the group shall retain its operational management responsibilities and maintain control over the entire course of the process.

#### Article 123

(Exceptions to Obligation of Appointing Group))

If the value of the capital asset is small and the process's complexity does not necessitate the appointment of a group to oversee the process, the operational management of the process may be conducted by the manager responsible for the respective capital asset. In this case, the provisions regarding the role of the group in the sales process shall apply to the manager.

### **11.10.2 Limitations on Disposal of Capital Assets**

#### Article 124

(Retention of Minimum Shareholding in Strategic and Important Capital Assets)

SSH shall not dispose of capital investments in a manner that would cause the combined shareholding of SSH, the Republic of Slovenia, and related parties to fall below the minimum shareholding, as follows:

- in regard to capital assets which are classified as strategic according to the Strategy, the minimum shareholding is 50% plus one vote;
- in regard to capital assets which are classified as important according to the Strategy, the minimum shareholding is 25% and one vote.

SSH may freely dispose of portfolio capital assets.

Shareholdings which do not meet the minimum shareholding requirements outlined in accordance with Paragraph 1 of this Article must not be encumbered with a pledge or any other real estate rights, nor shall any agreements be entered into or transactions be made, which may impose an obligation to dispose of these shareholdings or to confer equitable interest of third parties on these shareholdings. SSH shall be free to dispose of shareholdings which exceed the minimum shareholding requirements specified in Paragraph 1 of this Article, in accordance with the provisions of this Asset Management Policy.

The minimum shareholdings specified in this Article are calculated as the ratio between shares with voting rights held by the Republic of Slovenia, SSH and related parties, to all shares with

voting rights in a company in which the Republic of Slovenia, SSH and their related parties hold a stake in accordance with the Act regulating companies and the legal documents of individual companies, Where an agency whose operation is stipulated by the law regulating the financial instruments market, revokes voting rights, this shall not affect the minimum shareholdings stipulated in this Article. The internal organizational unit of SSH responsible for controlling shall maintain a record of shareholdings held by SSH and RS in companies with state capital assets.

Article 125  
(Minimum Sale Price)

The capital asset must not be sold below the lower range of the estimated value, as determined in the report of the external authorized appraiser or in the internal valuation report.

**11.10.3 Sale of Majority Capital Asset**

Article 126  
(Concept of Majority Capital Asset)

A majority capital asset refers to a company in which the shareholding or the number of shares held by SSH and/or the Republic of Slovenia and/or KAD, which are subject to sale, exceeds 50% of the share in the company's share capital or 50% of the voting rights in that company.

In the case of a joint sale, the majority capital asset is also considered a company with capital assets where the share of voting rights owned by SSH and/or the Republic of Slovenia and/or KAD, which are subject to sale, does not exceed 50%, but together with the shares of other sellers, it represents more than 50% of the share in the company's share capital or more than 50% of the voting rights in that company, and the value of the capital assets owned by SSH and/or RS and/or KAD, which is subject to sale, exceeds EUR 1 million.

The process of sale of minority capital assets follows the procedure as applied to the sale of majority capital assets if capital assets held by SSH and/or the Republic of Slovenia and/or KAD, which are subject to sale, independently or collectively with other sellers, represent at least 25% of a share in the company's share capital, or at least 25% of the voting rights in that company, and, simultaneously, the value of capital assets held by SSH and/or the Republic of Slovenia and/or KAD, which are subject to sale, exceeds EUR 5 million

The concept of the value of capital assets held by SSH and/or the Republic of Slovenia and/or KAD, as referred to in Paragraphs 2 and 3 of this Article, shall mean:

- in regard to non-marketable capital assets, the book value of these assets which has been determined on the basis of the shareholdings held by SSH and/or the Republic of Slovenia and/or KAD, which are subject to sale, in the company's share capital and the

audited or non-audited (if audited is not available) book value of the company's capital as of the last day of the year preceding the commencement of the sale process (i.e., 31 December). and

- in regard to marketable capital assets, the market value of capital assets as determined by the average closing price per share in the last quarter, starting from the last day of the month preceding the commencement of the sale process.

Article 127  
(Valuation)

In the process for the sale of a majority capital asset, an external authorized business valuer (external appraiser) shall be engaged in accordance with the provisions of Article 37 of this Policy.

The external appraiser, as an independent expert, shall select the most appropriate methods and approaches for the purpose of valuing each individual capital asset.

The valuation report prepared by the external appraiser shall be presented to the process management group. The SSH Management Board shall formally acquaint itself with the valuation report at a meeting.

The valuation cut-off date for the capital asset should not be longer than 12 months from the date of the conclusion of a sale and purchase agreement.

Article 128  
(Fairness Opinion)

Where it is a significant transaction for which increased risks have been identified, the SSH Management Board may decide to obtain an independent expert opinion on the fairness of the sale conditions (the "Fairness Opinion") or another independent expert opinion before making the final decision on the sale of the capital asset.

**11.10.4 Sale of Minority Capital Asset**

Article 129  
(Concept of Minority Capital Assets)

The minority capital assets are those assets in which the shareholding or the number of shares in the ownership of SSH and/or the Republic of Slovenia and/or KAD, which form the subject of the capital assets Disposals, do not exceed a 50% shareholding in the share capital of the company, or do not exceed 50% of voting rights in this company, and capital assets which fail to meet conditions referred to in Article 126, Paragraphs 2 and 3, in connection with Article 4 5 of this Asset Management Policy.

Article 130  
(Internal Valuation)

In the process for the sale of a minority capital asset, an internal valuation of the capital asset shall be prepared if the audited book value of the state's capital asset, based on the latest audited financial statements of the company, does not exceed EUR 1 million. In this case the audited book-value refers to the value of the state's capital asset being disposed of, based on the latest audited value of that company's capital.

An assessment prepared by a third party may also be considered the internal valuation, provided that the valuation is conducted in a manner that substantively corresponds to the valuation conducted based on SSH internal policies and regulations regulating investment valuation (e.g., an assessment by KAD prepared in a joint process). In this case, the third party must agree their valuation to be used for the purposes of the process for the sale of capital asset.

Where the audited book value of the SSH's and/or RS's and/or KAD's capital asset, based on the latest audited financial statements of the company, exceeds EUR 1 million, an independent external authorized valuer shall conduct the valuation in the process for the sale of the minority capital asset. In this case, the provisions related to the valuation in the process for the sale of a majority capital asset shall apply.

Where a company in which capital assets are being sold does not provide the necessary data for conducting an internal valuation, publicly available and other accessible information about the capital asset being sold may be used.

The cut-off date for the internal valuation of the capital asset should not be longer than 12 months from the date of the conclusion of a sale and purchase agreement.

The report on the internal valuation shall be presented to the process management group. The SSH Management Board shall formally be made familiar with the business valuation at the Management Board's meeting.

The provisions of this Article shall not preclude the involvement of an external authorized business valuer if deemed necessary by SSH.

#### **11.10.5 Sale of KAD's Capital Asset**

Article 131  
(Consolidation of Processes)

In the case of the process for the sale of SSH's and/or RS's capital asset, the process shall be consolidated with the sale of KAD's capital asset in the same company, forming a unified and consolidated process. The consolidated process shall be managed by SSH at its own discretion, exercising the care and diligence of a conscientious and fair business operator in accordance with this Asset Management Policy.

SSH and KAD shall regulate their mutual relations regarding each specific consolidated sales process referred to in the preceding paragraph in more detail through a separate agreement. The agreement may also cover multiple capital assets being simultaneously sold by SSH and KAD.

This Article shall not apply if a third party makes a public offer in accordance with the law regulating takeovers.

#### **11.10.6 Reduction of Share Capital due to Capital Increase in Company**

Article 132  
(Obligation to Endeavour)

SSH shall endeavour to the maximum extent possible to be included in the process of capital increase carried out by the SOE (i.e., by being informed about the progress of the process and coordinating certain important aspects of the process), considering the circumstances. Where the company in which SSH and RS individually or jointly hold a majority shareholding grants authorization to SSH to carry out specific actions in the capital increase process on its behalf, SSH shall apply *mutatis mutandis* the provisions of this Asset Management Policy on the process for the sale of capital assets.

In the event of an increase in the share capital through contributions which is planned by the Management Board or the management of a company in which RS and/or SSH hold strategic or important capital assets, SSH should endeavour and take all necessary measures to ensure that the ownership stake held by RS and/or SSH does not fall below the minimum threshold as stipulated for each type of assets by ZSDH-1.

### **11.10.7 Put Options and Creating Call Options**

Article 133  
(Application of Provisions on Sale)

The provisions of this Asset Management Policy on the sale of capital assets shall also apply *mutatis mutandis* to the procedures for exercising put option rights and in the creation of call options.

For the purpose of this Article, a put option shall refer to a scenario in which SSH and/or RS acts as the option holder, and the legal transaction (the disposition of the state's capital asset) is based on the unilateral formative entitlement of SSH and/or RS. A call option, on the other hand, shall refer to a scenario in which SSH and/or RS act as the option seller, and the legal transaction is based on the unilateral declaration of intent by the counterparty, provided that SSH and/or RS already held the shares or ownership interests before concluding the agreements in which the call option rights are established.

A put option can be exercised if it is determined that a higher price than the one agreed upon with the put option cannot be achieved considering the market sale costs. The same applies *mutatis mutandis* to call option rights.

### **11.10.8 Proposal for Sale of Capital Assets**

Article 134  
(Preparation and Approval of Sale Proposal)

When the sale process management group concludes, through a public tender or direct contract, that all the necessary conditions for the sale have been fulfilled and determines that the matter is ready for a decision, a proposal for the sale of the capital asset shall be prepared. The proposal for the sale shall be prepared after all essential elements of the Purchase and Sale Agreement are known.

The sale proposal must be agreed upon and signed by all members of the sale process management group and the Head of the internal organizational unit of SSH responsible for the capital asset being sold, regardless of whether they are also members of the group itself.

Article 135  
(Content of Sale Proposal)

The proposal for the sale of assets must include all the components specified in SSH internal policies and regulations governing the documentation of business events related to the sale of capital assets and the contents of the sale process folder, in particular the following:

- a detailed description of the proposed sale process- the description of the sale process,
- information regarding the business operations of the SOE being offered for sale,
- the ownership structure of the company,
- a summary of the valuation of the capital assets, including the estimated minimum and maximum value of the capital asset;
- - an overview of offers received,
- - estimated costs associated with the sales process,
- - details on the implementation of due diligence,
- essential information about the potential buyer, as per Articles 26 and 28 of this Asset Management Policy,
- essential elements of the sales and purchase agreement,
- all identified risks associated with the sales process or non-sale of the capital asset and any other warnings prior to making the final decision,
- any other alternative scenarios considered during the sales process,
- alignment with the management plan and justifications for any deviations from the management plan, with appropriate explanations provided in the case of deviations,
- justification for the sale proposal,

The proposal for sale must be accompanied by a signed valuation of the capital asset.

Article 136  
(Preparation of Invitation to Participate in Public Tender or Public Auction)

The provisions of Articles 134 and 135 of this Asset Management Policy shall be applied *mutatis mutandis* for the preparation of the invitation to participate in a public tender or public auction, considering that the capital asset will be sold to the bidder who offers the highest bid above the reserve price in the case of a public auction, and to the first party who accepts the offer in the case of a public tender. The invitation shall also specify which conditions the successful bidder or the timely acceptor of the public offer must meet in order to finalize the transaction.



Article 137  
(Contract Administrator)

The SSH internal policies and regulations governing the appointment of contract administrators and the execution of contract administration shall be applied for the administration of contracts and other documents related to the sale of capital assets.

**11.10.9 Direct Sale of Capital Asset**

Article 138

The capital asset may be sold through a direct contract:

- in case of the sale based on a put option, if it is determined that, while considering the costs of the sale, a higher price could not be achieved on the market than the one specified in the put option;
- when exercising the pre-emption right of the party entitled to the capital asset, after one of the public sale methods specified in this Asset Management Policy has been implemented, provided that no more than six months have elapsed since its implementation;
- if the debt securities or shares are traded on a regulated or over-the-counter market in accordance with the law governing market in financial instruments (including the SI.ENTER platform) and the trading rules of that market, except for the sale of bundles as defined by the rules of the regulated financial instruments market, which must be conducted through one of the public sale methods specified in this Asset Management Policy;
- - if a public offer, which is submitted in accordance with the law governing take-overs, is accepted;
- between SSH and the Republic of Slovenia or between SSH and another company in which the Republic of Slovenia is a majority shareholder or partner;
- if the disposition procedure is conducted in compliance with the private seller test in accordance with the rules on state aid and the case law of the Court of Justice of the European Union;
- if an offer is accepted from a bidder who has successfully completed a takeover procedure, in which SSH or the Republic of Slovenia, as parties acting in concert with the acquirer under the law governing takeovers, were not allowed to participate, provided that the conditions specified in the takeover offer have been met and no more than 12 months have passed since the finalization of the takeover procedure.

#### **11.10.10 Other Provisions regarding Sale of Capital Assets**

##### Article 139

##### (Consideration of Non-Financial Commitments in Sale Processes)

SSH will strive to include in the sale and purchase agreement for the sale of state's capital asset non-financial commitments which are permissible under state aid rules and appropriate in light of the circumstances of the case or in light of the capital asset being sold.

SSH will strive to also incorporate a provision in the sale and purchase agreement stating that once a year, requiring the buyer to submit written annual notifications to SSH regarding the fulfilment of the non-financial obligations agreed in the sale and purchase agreement. The first reporting by the buyer shall be due not later than one year after the completion of the transaction.

##### Article 140

##### (Consideration of Human Rights)

SSH will strive to include a specific provision in the sale and purchase agreement for the sale of state's capital asset, wherein the buyer confirms their commitment to respecting human rights in their business operations throughout the value chain, in accordance with the United Nations Guiding Principles on Business and Human Rights, and pledges to continue doing so in the future.

##### Article 141

##### (Information of Significant Ownership Changes)

If SSH, as a shareholder or as a manager of state's capital assets, shall individually or collectively, achieve reach or exceed a specific threshold of significant ownership, which is 5%, 10%, 15%, 20%, 25%, one-third, 50%, or 75% of all voting rights in a public company, or if SSH's shareholding or the RS's shareholding managed by SSH or both, shall decrease below a specific threshold of significant ownership, in accordance with Market in Financial Instruments Act and the Decision on Information on Significant Shareholdings (Official Gazette RS, No. 30/1377, et seq.) and SSH internal policies and regulations governing reporting, SSH is obliged to notify the issuer of the security and the Securities Market Agency (hereinafter referred to as "ATVP") simultaneously, using the P-DEL form. This notification must be made as soon as possible and no later than on the fourth trading day after SSH becomes aware of the acquisition or disposition of shares, or for the possibility to exercise voting rights, or when SSH could become aware of that, regardless of when the legal effects of the acquisition or disposition of shares or the potential exercise of voting rights occurred.

When reporting in accordance with the preceding paragraph of this Article, SSH shall separately indicate the changes in the significant ownership for SSH and for shareholding of the state which are managed by SSH.

The moment of the acquisition or disposition of shares is deemed to be the date of concluding the binding agreement on the basis of which SSH will acquire or has acquired or disposed of shares or share options resulting in reaching, exceeding, or decreasing below a specific threshold of significant ownership. If binding agreement is legally terminated, SSH is obliged to inform the issuer and the Securities Market Agency about this fact within reasonably the same period of time and in reasonably the same manner.

The obligation referred to in Paragraph 1 of this Article shall arise if a change in the significant ownership occurs based on one of the following facts:

- on the basis of legal transaction for the disposition of shares or on the basis of other legal transactions which result in the change of the proportion of voting rights, and
- on the basis of corporate actions of the public company or on the basis of other legal facts referred to in Article 149 of Market in Financial Instruments Act.

#### Article 142

##### (Reporting to Management of Company Subject to Sale)

Prior to commencing the sales process or no later than the day of public announcement of the invitation to submit offers or expressions of interest (or before any other equivalent action), SSH shall inform about the intended sale the management of the company, whose shares or shareholding representing at least 10% will be subject to sale. SSH shall also request the company's management to comply with the provisions of the applicable Worker Participation in Management Act regarding informing the employees about the sales process.

Upon disposition of capital assets (i.e., upon signing the disposition contract), SSH shall notify the management of the company whose capital investment is subject to disposition that the sales contract has been concluded and shall urge them to regularly and timely inform the employees about it.

#### Article 143

##### (Notification of the Commencement of Sale Based on Public Methods)

In the sale of capital assets through a public offering, public auction, or public call for bids, in addition to the publication on the SSH's website, a concise announcement shall be made in a daily newspaper circulated throughout the entire Republic of Slovenia. This announcement shall include essential details about the subject matter, the process, and the conditions of the sale. Furthermore, a link to SSH's website, where more comprehensive information is

accessible to the public, shall be provided in the announcement. Persons who are presumed to have an interest in participating in the process may also be directly informed of the publication.

Information about the sale shall be published in foreign public media in accordance with the guidelines of the European Commission, as determined by the SSH Management Board.

The content and publication of securities offers to the public shall be regulated by the law governing the financial instruments market and European legislation.

#### **11.10.11 Encumbrance of Capital Assets**

##### Article 144 (Restrictions on Encumbrance)

Important or strategic capital assets may not be encumbered with liens or other encumbrances at the minimum threshold specified in Article 124 of this Asset Management Policy, nor may any agreements or transactions be entered into that could obligate the disposition of capital investments at that threshold or grant third-party entitlements to that extent.

A capital asset may be encumbered on a portion exceeding the minimum threshold stated in the preceding paragraph.

##### Article 145 (Reasonable Application of Provisions)

The general provisions on the disposition and sale of capital assets shall be applied *mutatis mutandis* to the encumbrance of capital assets.

#### **11.11 ACQUISITION OF CAPITAL ASSETS**

##### Article 146 (Basis for Acquiring Capital Assets)

SSH shall carry out the process of acquiring a capital asset if the acquisition of such capital asset is envisaged in the Annual Asset Management Plan.

If, by way of a resolution, the Government of the Republic of Slovenia decides on the need to acquire a specific capital asset, and the Annual Asset Management Plan does not include activities for its implementation, SSH shall proceed with preparing the necessary amendment to the Annual Asset Management Plan immediately upon receiving such resolution from the

Government of the Republic of Slovenia. The amendment to the Annual Management Plan shall be carried out in accordance with the procedure set out in Article 30 of ZSDH-1.

SSH shall also follow the aforementioned provisions in the event of receiving a proposal for the acquisition of a capital asset from the Government of the Republic of Slovenia or any of its ministries if it deems that, as the manager of the relevant capital asset, it could contribute to achieving the general asset management objectives as defined in the Strategy.

The acquisition of capital assets through the conversion of claims held by SSH into equity stakes in companies (commonly known as “debt-to-equity swaps”) in financial restructuring proceedings of debtors, as well as through the purchase of capital assets in enforcement or bankruptcy proceedings (including the acquisition of non-realizable capital assets), is based on the management strategy for the relevant claims as determined in the management plan.

#### Article 147 (Reasonable Application of Provisions)

SSH shall adopt a decision on acquisition of capital assets after carrying out the process in which the necessary asset management activities are conducted and shall ensure adequate information basis for the decision-making process. The provisions of this Asset Management Policy applicable to the sale of capital assets, preparation of sale proposals, appointment of a group and its role in the operational management of the sales process, and the adoption of decisions related to asset management shall be applied *mutatis mutandis* to the acquisition or the process of acquiring a capital asset.

For a capital increase which does not involve an increase in ownership stake in the company (thus, it does not constitute an actual acquisition of capital asset)<sup>7</sup> and for the non-paid acquisition of capital assets, the provisions of this Asset Policy shall be applied to the necessary extent and as appropriate.

#### Article 148 (Methods of Acquiring Capital Assets)

The acquisition of capital assets owned by SSH and/or owned by RS can be either paid or unpaid.

SSH may acquire capital assets on its own behalf and on behalf and for the account of RS by establishing, acquiring or recapitalising companies.

---

<sup>7</sup> Such a situation arises in cases where an existing shareholder/member participates in the increase in the share capital in proportion to their current stake, or in the event of subsequent contributions.

A purchase, as mentioned in the previous paragraph, refers to any paid acquisition of equity securities under the law governing financial instruments or of shareholdings or other ownership interests in individual companies in accordance with the law governing companies.

Article 149  
(Condition for Initiating the Acquisition Process)

The acquisition process can only be carried out if SSH has the necessary financial resources, or if they are reserved in the state budget. Before commencing the process of acquiring a capital investment on behalf of the RS, the Ministry of Finance must provide a written confirmation that sufficient financial resources are available in the budget for this purpose, or that they will be made available to SSH no later than at the moment of fulfilment.

The acquisition of capital assets through a capital increase in a company, involving non-monetary contributions, such as tangible assets, claims, or equity stakes as defined in Article 4 of this Asset Management Policy, is permissible only if it does not diminish the value of SSH's assets and/or the RS's assets, while taking into account the costs of asset management and liquidity.

Article 150  
(Buyer's Due Diligence)

A due diligence review shall generally be conducted prior to the paid acquisition of a capital asset.

Due diligence is an examination of the financial, tax, legal, and business status of the company in which SSH is acquiring a capital asset, in accordance with professional standards.

In situations where necessary, apart from assessing the financial, tax, legal, and business aspects of the company, additional specialized reviews (such as environmental, technical, and technological assessments) may also be carried out.

In exceptional circumstances, the SSH Management Board may decide not to conduct a due diligence review of the company prior to the acquisition of a capital asset if there are valid reasons for such a decision. These reasons may include the acquisition of lower-value capital assets, purchases of shares in publicly traded companies, acquisitions of companies already majority-owned by SSH or the RS, or acquisitions of companies in which SSH, as a creditor, is already well-informed about the financial condition of the company through its reporting as a debtor, among other justifications. When determining the necessity of a due diligence review, SSH shall give primary consideration to the principle of cost-effectiveness.

A due diligence review shall generally be conducted by an external consultant.

#### Article 151

##### (Obligation to Make Take-over Bid or Notify Concentration of Undertakings)

Prior to the acquisition of capital assets, SSH must verify whether the acquisition of capital assets may result in the obligation to make a take-over bid under the law regulating take-overs, and whether, prior to acquiring the capital assets, the concentration of undertakings must be notified under the law regulating the prevention of restrictions on competition.

#### Article 152

##### (Valuation)

A valuation shall be prepared by an external independent authorized appraiser if the transaction value exceeds EUR 1 million; otherwise, it can also be prepared by an internal expert.

The valuation of capital assets shall exceptionally not be conducted in the process of acquiring the capital asset if so decided by the SSH Management Board prior to the acquisition of capital assets and when there are justified grounds for it.

#### Article 153

##### (Decision on Acquisition of Capital Assets)

After completing the process of acquiring capital assets, SSH shall make a final decision on the acquisition of capital assets owned by SSH and/or RS: This decision will be based on the assessment whether the acquisition is reasonable, in accordance with the standard of a conscientious and fair business operator. The assessment will include factors such as the profitability of capital asset, associated risks and purchase price, and in the case of strategic assets, also the achievement of strategic objectives typically defined in the State Assets Strategy.

#### Article 154

##### (Non-monetary Acquisition)

A capital asset may be acquired payment-free, unless such acquisition would incur significant costs, or if the holding of such capital assets would be associated with conditions which might arise disproportional liabilities on SSH or RS compared to the benefits of the payment-free acquisition.

The preceding paragraph shall not apply to the acquisition of capital assets for the ownership of the RS based on the inheritance law or the law governing the confiscation of illegally acquired assets.

#### Article 155

##### (Consent by Supervisory Board for Acquisition of Capital Assets)

The SSH Management Board shall be obliged obtain the approval of the SSH Supervisory Board for the acquisition of capital assets in the ownership of SSH or the RS which exceed the value determined in the SSH Articles of Association.

#### Article 156

##### (Special Case of Acquiring Capital Assets)

The provisions on acquisitions of capital assets shall also be applied *mutatis mutandis* when SSH and/or the RS acquire capital assets as part of transferred assets as a whole, in the case of a paid legal transaction. The provisions on conducting the process and making individual decisions shall apply unless otherwise prescribed by law.

#### Article 157

##### (Additional Contributions)

Under the conditions specified in Article 491 of ZGD-1, the SSH Management Board may decide to make additional contributions to a limited liability company, which do not constitute the acquisition of a new shareholding nor increase the company's share capital.

The provisions of this Chapter of the Asset Management Policy shall be applied *mutatis mutandis* to the utilization of additional contributions.

## **11.12 SWAP OF CAPITAL ASSETS**

#### Article 158

##### (Concept of Swap)

A swap shall mean a legal transaction against payment on the basis of which shares or shareholdings in the ownership of SSH and the Republic of Slovenia are swapped for shares or shareholdings in the ownership of other legal or natural persons.

The swap transactions shall generally be concluded for capital assets where obtaining an equivalent monetary payment is not possible or where such a transaction reduces asset management costs.



The swap of a capital asset is typically carried out through a direct agreement unless circumstances in specific cases justify the swap through a public solicitation of offers.

Article 159  
(Options for Swap)

A capital asset may be swapped only if it does not reduce the value of the assets or if it improves their quality (e.g., swapping a portfolio asset with a strategic one or acquiring additional shares or equity stakes that, together with the existing ones, increase marketability or total value).

The provisions of this Asset Management Policy relating to the sale or acquisition of capital assets shall apply *mutatis mutandis* to swap transactions or the swap process.

### **11.13 RESTRUCTURING OF SOEs**

Article 160  
(Role of SSH in Corporate Restructuring Process)

In its role as a diligent and active shareholder or member, SSH may participate in the restructuring of an SOE, if this is in the interest of the Republic of Slovenia and/or SSH. This participation involves taking all necessary and beneficial measures, particularly with the aim of achieving the objectives of state capital asset management as defined in the Strategy or Annual Asset Management Plan.

When SSH also holds claims against the company with a capital asset, the activities and objectives of restructuring shall aim to maximize the value of the combined effects of restructuring on both the equity stake and the claims. In such cases, SSH shall conduct the restructuring process in accordance with the provisions of the following Chapter, which refer to financial restructuring.

## PROCEDURES FOR ACQUIRING AND DISPOSING OF CLAIMS

### 11.14 GENERAL

#### Article 161

(Application of Provisions of Asset Management Policy)

Unless otherwise specified in this Chapter, the general principles of this Asset Management Policy and the common provisions on the sale of capital assets shall apply to the disposition of claims. The provisions on the procedures for disposing of and acquiring capital assets, as well as the restructuring of SOEs, shall be applied *mutatis mutandis*.

#### Article 162

(SSH Internal policies and Regulations)

The process for the sale of claims and SSH's activities in relation to insolvency proceedings shall be regulated in detail in SSH internal policies and regulations adopted by the SSH Management Board.

The SSH internal policies and regulations shall provide detailed regulations regarding the responsibility for decision-making, as well as the tasks and duties of the individuals who actively manage the processes for the disposition of claims or any related activities.

### 11.15 SPECIAL PROVISIONS REGARDING THE DISPOSAL OF CLAIMS

#### Article 163

(Commencement of Process and Decision-Making)

The decision to initiate the process for the disposition of a claim (sale, conversion, or removal of the claim from the business records) shall be based on the management plan referred to in Article 21 of this Asset Management Policy. The plan shall be prepared by the manager responsible for the respective claim, taking into account the opinions of other experts employed by SSH who, in accordance with SSH internal policies and regulations, are tasked with providing professional assistance in claim management (opinions regarding the state and value of collateral, legal proceedings, etc.).

The management plan shall form the basis for making any decision regarding the disposition of the claim. Such plan shall evaluate all alternatives for managing the claim, present the grounds for the specific proposal, provide detailed information about the debtor, the amount of

exposure to the debtor, the reasons leading to potential illiquidity or insolvency of the debtor, and offer a clear justification for the proposed course of action.

Article 164  
(Analysis of Situation)

The management plan mentioned in the previous article shall include an analysis of the situation in which the following factors are assessed:

- the potential for long-term repayment of the claim through the debtor's cash flows;
- the potential for divesting the debtor's assets;
- the possibility of enforcing pledged assets and other unencumbered assets of the debtor;
- the legal framework governing the maximum repayment of claims;
- the debtor's willingness to seek a satisfactory solution;
- other circumstances that may affect the repayment of the claim.

Based on the analysis of the situation, the management plan shall incorporate an appropriate strategy, which has been assessed to maximize asset value for the creditor. Such strategy may include:

- the restructuring of claims,
- the conversion of the claim into real estate or equity ownership,
- the recovery (the realisation) of collateral,
- the sale of the claim, or
- full or partial repayment of claims by the debtor/guarantor.

Article 165  
(Internal Valuation)

The criterion for adopting a decision regarding the disposition of a claim is typically the estimated net value of the claim. This estimation shall be prepared by the claim manager, taking into account the valuation of assets pledged and the time frame expected for the sale of these assets in the event of their realization, as well as the cash flows anticipated in the repayment scenario of a debtor and/or guarantor.

The valuation of assets pledged shall usually be carried out by an internal organizational unit of SSH responsible for valuation, in accordance with the SSH internal policies and regulations governing valuations. The general provisions of this Asset Management Policy on engaging external authorized valuers shall apply, if necessary.

Article 166  
(Prohibition of Disposal Below the Minimum Appraised Value)

A claim must not be sold or otherwise disposed of below the lower limit of the value appraised, as determined in the internal valuation mentioned in the Paragraph 1 of the preceding Article.

Article 167  
(Conversion of Claim into Equity and Tangible Assets)

The conversion of a claim into equity shall be based on an assessment of the viability of the debtor's ongoing business operations during the restructuring process.

The conversion of a claim into tangible assets during the restructuring process (known as “*Debt to Asset Swap*”), particularly real estate, as well as the repayment of the claim through the purchase of assets in enforcement or bankruptcy proceedings, shall be based on the strategy specified in the management plan. The terms and conditions allowing the conversion of claims into tangible assets (especially the maximum acquisition price) shall be determined in SSH internal policies and regulations.

Article 168  
(Removal of Claim from Business Records)

The removal of a claim from the business records shall be carried out in in circumstances where, taking into account all data and information available, SSH no longer anticipates any additional repayment Such situations include situations where the primary debtor, as a legal entity, has been deregistered from the Business Register, alongside any potential guarantors, and when all securities furnished by third parties have been enforced.

SSH may also undertake a partial removal of claims from the business records as part of restructuring process against an individual debtor, which is combined with the comprehensive restructuring of all claims, with the objective of ensuring the long-term viability (long-term liquidity) of the debtor.

Article 169  
(Notice to Debtor)

SSH shall inform the debtor about the sale of the claim, indicating that the debtor can validly fulfil their obligation to the claim acquirer (the new creditor). If the claim originates from a commercial agreement in which SSH and the debtor have mutually agreed that the transfer the claim to a third party is prohibited, the debtor shall be duly notified that their obligation will be released by being fulfilled to the assignor (SSH).

## **11.16 PROVISIONS REGARDING THE ACQUISITION OF CLAIMS**

### Article 170 (Concept of Claim Acquisition)

In accordance with this Asset Management Policy, the acquisition of claims shall be deemed to be the assumption of monetary claims by SSH, acting as the claim acquirer, from the creditor, who acts as claim assignors. Such acquisition of claims shall be carried out through a claim transfer agreement (commonly referred to as the cessation agreement) or any other legally equivalent transaction.

The acquisition of claims shall primarily occur within the bankruptcy proceedings of SSH debtors, where the same debtor simultaneously holds claims against third parties, and these claims are assets being sold in the bankruptcy proceedings. Additionally, claims may be acquired by purchasing them from third parties who hold claims against SSH debtors with the aim of enhancing the potential recovery or improving SSH's position in managing the claims.

### Article 171 (Notice to Debtor)

Upon the acquisition of the target company's claim, SSH shall promptly notify the debtor regarding the change in creditor.

## **11.17 RESTRUCTURING AND REALIZATION OF COLLATERALISED ASSETS**

### Article 172 (Financial Restructuring)

The measures of financial restructuring shall be implemented when there is a reasonable expectation that the debtor will be able to repay multiple claims, exceeding what SSH could realize through the realization of collateralised assets or through the enforcement (instruments of enforcement) of collateral rights on the unsecured portion of the debtor's assets, or through the repayment by its joint or subsidiary debtors and guarantors.

Within the scope of financial restructuring, the debtor may be provided with the following options:

1. the extension of the period to repay debts,
2. the reduction of interest rates,
3. a partial deleverage (primarily based on the identification and sale of non-essential company assets),

4. the improvement of capital structure (through conversion of claims into company equity),
5. the provision of additional liquidity, and
6. partial debt forgiveness.

The goal of restructuring shall be to ensure the long-term efficiency of the debtor's operations, its liquidity and competitiveness, as well as to achieve the maximum possible debt repayment through cash flows from operations and divestment of non-essential assets. The measures of financial restructuring may be implemented in collaboration with other financial creditors in accordance with Article 118 of this Asset Management Policy.

Taking into account Paragraph 1 of this Article and the rules of the European Union regarding state aid, SSH shall strive, when economically justified, to restructure as many Slovenian companies or their business groups as possible, as this has a positive impact on the broader socio-economic environment in the Republic of Slovenia (the preservation or increase of jobs, Slovenian brands, further development of the broader social environment, etc.).

#### Article 173 (Notification)

SSH must inform the Bank of Slovenia about the restructuring of companies if the conditions set out in the Decision on Reporting Specific Facts and Circumstances of Banks and Savings Banks (Official Gazette of the Republic of Slovenia, No. 115/21) are met.

#### Article 174 (Realization of Collateralised Assets)

The realization of collateralised assets (pledged in favour of SSH) shall be typically carried out when the debtor operates at a loss, and SSH determines that it would not be possible to create greater value in the future through recovery and/or measures of financial and operational restructuring than can be obtained by realizing such assets.

The realization of collateralised assets can be conducted through legal proceedings or by reaching an agreement with the debtor.

## DISPOSAL AND ACQUISITION OF TANGIBLE ASSETS

### Article 175

#### (Reasonable Application of Provisions)

Unless otherwise specified in this Chapter, the general principles of this Asset Management Policy and the common provisions on the sale of capital assets shall apply to the disposition of tangible assets (sale or lease) and to their acquisition.

The provisions relating to sales shall be applied *mutatis mutandis* to the lease or rental of tangible assets. Lease agreements, as a measure to increase the value of tangible assets and prepare them for sale in accordance with Paragraph 2 of Article 178 of this Asset Management Policy, may be concluded through direct contracts without advertising.

### Article 176

#### (SSH Internal policies and regulations)

The process for the sale and lease of tangible assets shall be regulated in the SSH internal policies and regulations adopted by the SSH Management Board.

The SSH internal policies and regulations shall provide detailed regulations regarding the responsibility for decision-making, as well as the tasks and duties of individuals who actively manage the processes for the disposition of tangible assets or any related activities.

### Article 177

#### (Management Plan)

The manager of the respective tangible asset shall prepare a management plan in accordance with Article 21 of this Asset Management Policy. The management plan shall serve as the framework for making informed decisions regarding the disposition of tangible assets and for undertaking the requisite preparatory measures to facilitate their sale or lease.

The management plan shall include strategies aimed at optimizing the value of individual asset, accompanied by detailed documentation about the particulars of the tangible assets, historical management records, associated expenditures, and a clear rational substantiating the course of action proposed.

### Article 178

#### (Preparation of Tangible Assets for Disposition)

Prior to the sale or lease of tangible assets, SSH shall implement measures to enhance their value and optimize their disposition prospects.

Enhancing the value of assets shall be achieved by resolving potential legal and technical impediments and making the essential investments (operational and capital maintenance and development), renting out assets, targeted marketing endeavours as well as transparent and competitive sales processes. Investments shall be undertaken subject to the condition that the anticipated increase in the value of the assets will exceed than the investment costs incurred. Examples of such investments include the development of spatial plans, the acquisition of missing land parcels, the construction of buildings, and other relevant ventures).

Within the scope of the management of real estate intended for sale, proactive maintenance measures shall be carried out to prevent any deterioration and maintain the value of the real estate. Targeted actions shall be implemented to optimize property management costs and enhance marketability.

Article 179  
(Principles for Disposition of Real Estate)

Generally, unless specifically utilized for internal purposes, all real estate owned by SSH shall be designated for sale.

The management plan shall define the strategy for the sale of each individual property, taking into account a comprehensive evaluation of the anticipated economic advantages from SSH's standpoint:

- the real estate shall be sold as a whole / in packages / as individual parts,
- the real estate shall be sold in its existing condition / during ongoing or capital maintenance and investments / after activities are completed,
- the real estate shall be sold with tenants or occupants / without tenants or occupants, etc.

When making decisions regarding the disposition of real estate, SSH shall also take into account the principles outlined in the applicable Strategy.

Article 180  
(Commencement of Real Estate Sale)

The sale of real estate may commence promptly upon the approval of the underlying sales strategy, in accordance with the management plan. Efforts shall be made to ensure that each real estate which is intended for sale is made available for purchase or lease in the shortest possible time.

An advertisement announcing the commencement of the sale shall be published on the SSH website, and if necessary, in public media outlets.



Article 181  
(Specific Provisions regarding Public Auction and Public Offering)

Notwithstanding the provisions of Paragraph 3 of Article 106 and Paragraph 3 of Article 108 of this Asset Management Policy, in the sale of tangible assets through public auction or public offering, SSH may make the conclusion of a sales contract conditional upon subsequent approval by the SSH Management Board or other competent authority and, if provided for in the SSH Articles of Association, also upon subsequent approval by the SSH Supervisory Board.

Article 182  
(Direct Sale of Tangible Assets)

If real estate or movable property is being sold, SSH may publish an advertisement indicating an indicative price that does not obligate SSH to conclude a contract at that price. The publication of such an advertisement shall not constitute the execution of the first phase of a two-phase sale process based on the public method; rather, prospective buyers have the opportunity to express their interest in purchasing without being bound by any deadlines or specific requirements. Interest in purchasing can be expressed through a contact form on the website, by email, regular mail, or in any other written form. Generally, interested parties are invited in the advertisement to express their position concerning the advertised indicative price or propose their own purchase price.

SSH is obliged to consider all expressions of interest received based on the advertisement. If SSH advertises the sale of tangible assets in this manner for a minimum of six months and receives a response from only one interested party during that time, it is permissible to sell them through a direct contract. Before concluding a direct contract, SSH shall conduct negotiations with the buyer. The provisions of this paragraph shall also apply, *mutatis mutandis*, to the exercise of pre-emption rights by the entitled party.

However, if based on the response to the advertisement in Paragraph 1 of this Article, SSH determines that there is market interest in purchasing (from at least two interested parties), a sale process based on one of the public methods or their combinations is conducted, and all those who responded to the advertisement are personally invited to participate in the process.

The direct sale of tangible assets shall also be possible by a reasonable interpretation of the provisions of Article 138, Paragraph 1, indents 1, 2 and 5 of this Asset Management Policy, which refers to the conclusion of direct contracts for the sale of capital assets.

A direct contract can also be concluded with a municipality acquiring real estate in the public interest, provided that such a contract does not contradict the goals defined in the Strategy and Annual Asset Management Plan. The public interest is deemed to exist if the municipality

acquires real estate for the purpose of constructing or maintaining public facilities for education, sports, healthcare, schools, social welfare, science, culture, public administration, transportation, energy, utilities, water infrastructure, or public facilities for the defence needs of the state, state reserves, security of citizen and protection of their property, protection against natural and other disasters, or for implementing mitigation or compensatory measures under nature conservation regulations.

Article 183  
(Sale Price)

Tangible assets may not be sold below the minimum appraised value, as stated in the internal valuation based on SSH internal policies and regulations governing investment valuation, or from the valuation provided by an independent authorized real estate appraiser.

Article 184  
(Exchange and Encumbrance)

The provisions of this Asset Management Policy, which are applicable to the swap and encumbrance of capital assets estate, shall apply *mutatis mutandis* to other forms of disposal of real estate (exchange and encumbrance).

Article 185  
(Movable Property)

The provisions for real estate shall apply *mutatis mutandis* to the acquisition and disposal of movable property.

Article 186  
(Acquisition of Tangible Assets)

The provision of Article 167, Paragraph 2 of this Asset Management Policy shall apply to the acquisition of tangible assets through the conversion of claims in the process of restructuring (known as “Debt to Asset Swap”), or through the purchase of assets in enforcement or bankruptcy proceedings (and the assumption of real assets that cannot be monetized).

TRANSITIONAL AND FINAL PROVISIONS

Article 187

The SSH Asset Management Policy shall enter into force on the date when adopted by the SSH Management Board and approved by the SSH Supervisory Board.

Amendments and additions to the SSH Asset Management Policy, as taken into account in this clean copy, shall enter into force on 22 June 2023.

The Asset Management Policy shall be binding on SSH as of its entry into force.

The Management Policy is a public document and is published on the SSH's website in Slovenian and English.