

Pursuant to Article 30 of the Articles of Association of Slovenian Sovereign Holding, (hereinafter referred to as: "SSH"), at its meeting held on 3 May 2023, the Management Board of Slovenian Sovereign Holding, adopted the following:

RULES ON ASSESSMENT OF POTENTIAL CANDIDATES FOR MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES OF SOEs

I. GENERAL PROVISIONS

Article 1 (General)

The Rules on assessment of potential candidates for members of management and supervisory bodies of SOEs (hereinafter referred to as: the "Rules") define in detail the requirements, criteria, and procedures for evaluating and determining the suitability of potential candidates for members of supervisory and management bodies of SOEs, in accordance with the provisions of the Slovenia Sovereign Holding Act (ZSDH-1) and the SSH Asset Management Policy (hereinafter referred to as: the "Asset Management Policy").

Article 2 (Nomination Committee)

The evaluation of potential candidates in the accreditation and nomination procedures shall be carried out by the Nomination Committee of the Slovenian Sovereign Holding (hereinafter also referred to as: "NC").

Article 3 (Application of Potential Candidates)

The application of a potential candidate shall only be possible in an electronic form. The potential candidate must submit the application for accreditation or the registration, along with all the required supporting documents demonstrating the fulfilment of requirements, electronically through the Portal of the Nomination Committee of SSH (hereinafter referred to as the "Nomination Committee Portal").

II. ACCREDITATION REQUIREMENTS

Article 4 (Accreditation Requirements)

The accreditation requirements for potential candidates shall be divided into:

- statutory requirements, and
- additional requirements.

Potential candidates shall demonstrate their compliance with the accreditation requirements by providing statements and evidence in the electronic application on the Nomination Committee Portal.

Article 5 (Accreditation Categories)

The Nomination Committee shall accredit candidates into the following accreditation categories by verifying their compliance with statutory and additional requirements:

- the candidates accredited for overseeing complex systems,
- the candidates accredited for overseeing general companies

The candidates accredited for overseeing general companies shall also be considered accredited for managerial positions.

The candidates accredited for overseeing complex systems shall also be considered accredited for overseeing general companies.

Article 6 (Complex Systems)

The complex systems shall include:

- public limited companies,
- banks,
- insurance companies,
- enterprises, which satisfy all of the following conditions:
 - are classified as strategic assets according to the applicable Strategy of State Capital Assets;
 - form a group of related companies;
 - their consolidated net sales revenue exceeded EUR 1 billion in the last calendar year, or the value of the parent company's equity exceeded EUR 500 million on the last day of the last calendar year, or the number of employees in the group exceeded 2,000 employees on the last day of the last calendar year;
- other entities which have been designated as complex systems by the SSH Management Board through a resolution, based on their specific characteristics.

By way of a resolution, the SSH Management Board shall determine a list of SOEs which fall under the complex systems category, at least once every two years. The designation of a company as a complex system by the resolution of the SSH Management Board shall remain unchanged for at least 5 (five) years, regardless of whether it satisfies the conditions referred to in Paragraph 1 during that period or not.

Article 7 (Statutory Requirements,)

The statutory requirements which must be met by all potential candidates for supervisory board members for the accreditation to be successful are determined in ZGD-1, ZSDH-1, and ZIntPK. They are as follows:

- within the period of five years preceding the time of any application, the candidate has not been convicted in a final judgement of a criminal offence against the economy, against employment relationships and social security, against legal transactions, against property, against the environment, spatial planning and natural resources, or a period of more than two years has passed since the completion of a sentence served in relation to the above (Article 255 of ZGD-1),
- at the time of their candidacy, the candidate is not the subject to a preventive measure prohibiting them from pursuing their profession (Article 255 of ZGD-1),
- the candidate, acting as a member of the management or supervisory body of a company for which bankruptcy proceedings have been initiated, has not been convicted in a final judgement and is thereby required to compensate the creditors for damages in accordance with ZFPPIPP or more than two years have passed since the court ruling became final (Article 255 of ZGD-1),
- the candidate is not a member of the supervisory body in three other companies (Article 273 of ZD-1),
- the candidate's business capacity has not been revoked or limited based on a final court decision (Article 255 of ZGD-1).
- the candidate is not currently, and has not been in the past six months, carrying out the function of a professional official (Article 21 of ZSDH-1).
- the candidate is not currently, and has not been in the past six months, carrying out the function in a political party to which they were elected or appointed (Article 21 of ZSDH-1),
- the candidate is not a member of the management body in a company where SSH holds a majority share or exerts dominant influence (Article 21 of ZSDH-1), nor is the candidate a member of the management body in a dependent subsidiary of such a company, where performing proxy duties is also considered the management of a company,
- the candidate provides appropriate certification of knowledge regarding the competencies, responsibilities, and functioning of supervisory boards (Article 21 of ZSDH-1),
- the candidate has not received a final decision from the Commission for the Prevention of Corruption, in which an integrity violation was established (Article 21 of ZSDH-1).

Article 8 (Types of Additional Requirements)

Additional requirements for accrediting candidates for supervisory board members and, where applicable, for management bodies shall be divided into the following groups:

- additional requirement regarding formal education,
- additional requirement regarding corporate governance experience,
- additional requirement regarding professional competencies, and
- additional requirement regarding personal integrity.

When evaluating the requirement regarding formal education and corporate governance experience, the size of companies shall be determined in accordance with the provisions of ZGD-1.

The fulfilment of all additional requirements shall be assessed by the Nomination Committee in a substantive manner.

Article 9
(Additional Requirement Regarding Formal Education)

The candidates must fulfil the following additional requirement regarding formal education:

the candidates for overseeing general companies	the candidates for overseeing complex systems,
at least the level 7 according to the SQF ¹ (the level 6 according to EQF ²)	at least the level 8 according to the SQF (the level 7 according to EQF)

The required level of formal education according to the SQF can be reduced by one level of the SQF for the candidates for overseeing general companies if the candidate has extensive corporate governance experience, that is, at least 4 full years of supervisory experience in medium or large companies, or at least 4 full years of senior management experience in executive or leadership positions in medium or large companies.

The required level of formal education according to the SQF can be reduced by one level of the SQF for the candidates for overseeing complex systems if the candidate has extensive corporate governance experience, that is, at least 6 full years of supervisory experience in medium or large companies, or at least 6 full years of senior management experience in executive or leadership positions in large companies.

Article 10
(Additional Requirement Regarding Corporate Governance Experience)

Corporate governance experience shall include the following types of experience:

- supervisory experience which has been gained from positions on supervisory boards, positions in supervisory board committees, or non-executive positions on the boards of directors of companies;
- senior management experience which has been gained from executive positions, leadership positions, or managerial positions in companies or other organizations. The following roles shall be considered to be executive positions: the member of the management board, the executive board member, or the director of a company. The following roles shall be considered to be leadership positions: all managerial roles directly below the management board, the board of directors, or the company director. The following roles shall be considered to be managerial positions: all managerial roles that are more than one level below the management board, the board of directors, or the director of a company. In cases where such functions are carried out in organizations other than companies, the principles stated above shall apply *mutatis mutandis*, depending on the organizational structure and mode of operation of such organizations. In exceptional cases, senior management experience may also be acquired through leading complex, interdisciplinary projects lasting for several years. Merely holding a position at an appropriate organizational level by itself is

¹ Slovenian Qualification Framework.

² European Qualification Framework.

not sufficient to demonstrate senior management experience. The candidate must provide evidence that they have indeed performed managerial activities in such a position (e.g., leading subordinates, having other organizational units reporting to them, possessing relevant decision-making authority, etc.);

- management experience shall include experiences which have been gained from designing and developing corporate governance systems and performing capital asset management activities, including managing assets within a group of related companies;
- specific experience shall include experiences which have been gained in the following areas:
 - commercial law through the role of a lawyer or legal expert in commercial law, or
 - finance through the role of an auditor, internal auditor, accountant, business valuator, financial analyst, or other expert in accounting, business finance, or controlling in companies, or
 - other professional business fields through academic or related functions in reputable academic, research, or related institutions, provided that the area of educational or scientific-research work is associated with economics, business, management, organization, or entrepreneurship.

The candidates must fulfil the following additional requirement regarding corporate governance experience:

the candidates for overseeing general companies	the candidates for overseeing complex systems,
at least 1 full year of supervisory experience in companies,	at least 4 full years of supervisory experience in at least medium-sized companies,
OR	OR
	at least 2 full years of supervisory experience in large companies,
	OR
at least 2 full years of senior management experience in at least leadership positions in companies or other organizations,	at least 2 full years of senior management experience in executive positions in large companies,
OR	OR
at least 4 full years of senior management experience in at least leadership positions in companies or other organizations,	at least 4 full years of senior management experience in at least managerial positions in large companies,
OR	OR
at least 4 full years of specific experience	at least 8 full years of specific experience.

The term "at least leadership position" refers to executive or leadership positions. The term "at least managerial position" refers to executive, leadership or managerial positions. The term "at least a medium-sized company" refers to a large or medium-sized enterprise.

**Article 11
(Additional Requirement Regarding Professional Competencies)**

Professional competencies shall encompass the following areas:

- management,
- corporate governance,
- finance, including corporate finance, accounting, controlling, taxes, auditing, and risk management,

- law, including commercial law and other legal areas relevant to company operations,
- Information and Communication Technology (ICT), including informatics, telecommunications, and digital business,
- sustainable business,
- human resources, including human resource management,
- non-financial business activities, which include all operational business functions in companies operating in non-financial sectors,
- financial business activities, which include all operational business functions in companies operating in non-financial sectors,
- business economics, including professional competencies from the theoretical fields of microeconomics, macroeconomics, management, organization, entrepreneurship, and related scientific fields,
- specific professional competencies, including professional competencies from other theoretical fields related to the operations of specific industries or companies (e.g., energy, tourism, logistics, etc.).

The candidates shall acquire professional competencies through work in relevant areas within companies or other organizations.

The candidates must fulfil the following additional requirement regarding professional competences:

the candidates for overseeing general companies	the candidates for overseeing complex systems
at least 2 full years of acquiring professional competencies in at least one area	at least 4 full years of acquiring professional competencies in at least one area

During the accreditation procedure, the NC shall determine all areas of professional competencies which the candidate has acquired for at least 2 full years, which shall be proved by the candidate with appropriate evidence within the scope of the accreditation procedure.

Article 12 (Additional Requirement Regarding Personal Integrity)

During the accreditation procedure, the NC shall assess whether each candidate is suitable or not suitable in terms of personal integrity on the basis of information provided by the candidate, publicly available information, and non-public information available to SSH or NC. In doing so, NC must also duly consider any dismissals of candidates from supervisory and senior management positions due to culpable reasons as an aggravating circumstance.

The candidates must fulfil the following additional requirement regarding personal integrity:

the candidates for overseeing general companies	the candidates for overseeing complex systems
assessed as appropriate by NC	assessed as appropriate by NC.

III. NOMINATION PROCEDURE

Article 13 (Inclusion in Nomination Procedure)

In accordance with the Asset Management Policy, the SSH Management Board and the Nomination Committee are responsible for including candidates in the nomination procedure.

When selecting candidates for their inclusion in the nomination procedure, the following aspects shall be taken into account, in particular:

- the characteristics of the company for which the candidate is nominated,
- the target competency composition of the entire supervisory board, which is based both on the potential competency profile prepared by the company and the assessment of competency needs prepared by SSH,
- diversity of composition and ability for effective collaboration.

Article 14 (Candidate's Nomination Activities)

A potential candidate who is invited to take part in the nomination procedure as a member of the supervisory or management body in the selected company shall accept or reject the invitation to the nomination procedure. If the invitation is accepted, the candidate must submit the following nomination statements through the Nomination Committee Portal:

- the Compliance Statement and Nomination Consent,
- the Declaration of Independence and Absence of Conflict of Interest:
- the Statement of Personal Integrity and Business Ethics,
- the Nomination Letter which is prepared by the candidate in connection with the role to be assumed in a specific company,

which form one part of the electronic application on the Nomination Committee Portal.

Article 15 (Practical Knowledge Assessment of Candidates in Corporate Governance)

The Nomination Committee, in collaboration with the professional services of SSH, shall establish an online examination system to assess the knowledge of potential candidates in corporate governance.

Before conducting a structured interview with the Nomination Committee as part of the nomination procedure, the candidates shall participate in an online examination. During this examination, the candidates shall complete a questionnaire containing randomly selected questions related to corporate governance. The candidate shall be considered to have successfully passed the knowledge assessment if they have correctly answered at least half of all the questions.

In the event that the candidate fails to pass the first knowledge assessment, they shall be excluded from the nomination procedure. Such a candidate cannot be included in any nomination procedure for a period of three months. If the candidate is also unsuccessful in the second knowledge assessment, they cannot be included in any nomination procedure for one year. If the candidate is also unsuccessful in the third knowledge assessment, they cannot be included in any nomination procedure for five years.

A successfully passed online knowledge assessment shall be valid for two years, and the candidate is not required to retake it in any subsequent nomination procedures within this period.

Article 16
(Conducting Structured Interview and Contents of Nomination Report)

The Nomination Committee shall conduct structured interviews with the candidates who have successfully passed the knowledge assessment in corporate governance. The outcomes of the interviews shall be reported in the nomination report, which includes descriptive evaluations for all key areas covered during the structured interview. At a minimum, the report shall address the following areas:

- the fulfilment of all statutory requirements and criteria (in addition to statutory requirements, also other criteria specified in these Rules),
- the fulfilment of all additional requirements for accreditation which are stipulated in these Rules, along with the Committee's justification for considering individual additional requirements as fulfilled,
- the identification of the candidate's areas of professional and other competencies, specifying the sought profile(s) for the supervisory board that the candidate is suitable for,
- compliance with additional statutory requirements, criteria, or internal requirements of companies which are related to specific regulated activities, such as banking and insurance,
- the familiarity with the operations and key challenges of the company for which they are nominated,
- disclosure of potential conflicts of interest, the candidate's proposed approach to managing conflicts of interest, the Committee's assessment of whether the conflicts are permanent and relevant, and whether the proposed approach to managing conflicts of interest is appropriate or not,
- economic, personal, and financial independence,
- business performance, reputation, and personal integrity, including any record of past culpable dismissals from executive positions in SOEs, if such information is available,
- personal interest in the candidacy,
- the ability to work in teams,
- the ability to recognize and consider the long-term interests of the company,
- comprehensive evaluation of the candidate, with the rating as "unsuitable" or "suitable".

Article 17
(Interview with SSH Management Board)

All candidates nominated for overseeing complex systems who are rated as "suitable" shall be interviewed by the SSH Management Board.

The candidates who are nominated for overseeing companies, not designated as complex systems, and who are rated as "suitable" shall be interviewed by the SSH Management Board at its discretion.

Article 18
(Selection from among Nominated Candidates)

For the activities of appointing candidates to supervisory positions, the SSH Management Board shall select candidates who have been evaluated by the Nomination Committee with a rating of "suitable", taking particular account of the competencies specified in Article 11 of these Rules and the experiences specified in Article 10 of these Rules.

IV. FINAL PROVISIONS

Article 19 (Final Provision)

These Rules shall enter into force upon its adoption by the SSH Management Board.

The implementation of the online knowledge assessment in corporate governance, in accordance with Article 15, shall be effective no later than by 1 October 2023. Until then, the knowledge assessment shall be conducted by the Nomination Committee through structured interviews, as per Article 16.

Upon the enforcement of these Rules, the Rules on conditions, procedures and assessment criteria for determining the suitability of candidates for supervisory bodies of SOEs of 12 July 2021 shall cease to be valid.

Žiga Debeljak,
President of SSH Management Board

Janez Tomšič
Member of SSH Management Board

APPENDIX - REQUIRED ELECTRONIC ATTACHMENTS FOR SUCCESSFUL REGISTRATION IN NOMINATION COMMITTEE PORTAL

- 1) Curriculum Vitae in Slovenian language in Europass format
- 2) Listing of current and previous three employments
- 3) Listing of all experiences in supervisory and management bodies, and supervisory committees (including the duration of each function's mandate)
- 4) Listing and certificate of the highest level of education attained (e.g., diploma).
- 5) Certificate of training for members of supervisory boards and boards of directors, or the SDA certificate - certificate of competence for the role of a member of a supervisory board and board of directors (candidates for overseeing general companies).
- 6) Motivation letter, approximately one A4 page in length, covering the following elements:
 - a motive for the candidacy,
 - the justification of the candidacy with the presentation of previous references,
 - added value for the industry/company/area of work in which a candidate wishes to operate.