



SLOVENIAN SOVEREIGN HOLDING

Pursuant to Article 30 of Articles of Association of Slovenian Sovereign Holding, at its 118th regular session held on 4 October 2016, the Management Board of Slovenian Sovereign Holding, adopted the following:

RULES ON SUPERVISORY BOARD MEMBER SELECTION (CONDITIONS, CRITERIA, PROCEDURES AND EVALUATION FOR DETERMINING SUITABILITY AND SELECTING POTENTIAL CANDIDATES FOR MEMBERS OF SUPERVISORY BODIES OF COMPANIES WITH STATE'S CAPITAL ASSETS)

I. General provisions

Article 1

These Rules (hereinafter referred to as: the »Rules«) stipulate in detail the conditions and criteria and some aspects of the procedure for evaluating, determining the suitability and selecting potential candidates for members of supervisory bodies of companies with State's capital assets. In this manner, the Rules provide for the implementation of rules stipulated in the act governing Slovenian Sovereign Holding and in the SSH Asset Management Policy.

The terms "the first evaluation phase, the second evaluation phase and third evaluation phase" have the same meaning as defined in the SSH Asset Policy.

II. The first evaluation phase (conditions, criteria and supporting documents for accreditation)

Article 2

A potential candidate must submit a full application with all appendices as stipulated by the public invitation, and within the stated deadline, when determined.

The structure of the open public invitation for accreditation (standardised application) is determined in Appendix 1 of these Rules.

Within the first evaluation phase, a potential candidate must fulfil and demonstrate all of the following conditions stipulated by the law: that he or she is

- within the period of five years preceding the time of any application, a candidate has not been convicted by way of a final judgement of a criminal offence in relation to the economy, labour relations and social security, legal transactions, property, the environment, physical space and natural resources, and/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 the nomination, a candidate is not subject to a preventive measure prohibiting him/her from the pursuit of the profession (Article 255 of ZGD-1);
- acting as a member of the management or supervisory body of a company against which bankruptcy proceedings have been instituted, a candidate has not been pronounced liable to pay damages to the creditors in accordance with the provisions of ZGD-1, and/or a period of not less than 24 months has passed since the judgement became final (Article 255 of ZGD-1);
- a candidate is not a member of the Supervisory or the Management Boards in three other companies (Article 273 of ZD-1);
- a candidate is not a member of a management or supervisory body in a company in which SSH has the majority or prevailing influence (Article 21 of ZSDH-1);
- in the period of previous six months, a candidate has not held an office in a political party to which she/he was elected or appointed (Article 21 of ZSDH-1);

Supporting documents: a candidate's declaration on the fulfilment of accreditation conditions.

In the first evaluation phase, a potential candidate must fulfil the following criteria:

a. Formal education:

- at least university education or high professional education;

Supporting document: it is mandatory to attach a proof of education obtained.

b. Knowledge, skills and experience:

- has relevant work experience, as a rule, at least three years of relevant work experience in the field of management or participation in supervisory bodies or project management.

Supporting documents: relevant statements in the Curriculum Vitae and its attached appendices.

c. Knowledge of powers and duties of a Supervisory Board and of rights and obligations of a Supervisory Board member:

- Knowledge of rights and obligations of a supervisory board member, and

- Knowledge and skills in regard to powers, obligations and operation of supervisory boards.

Supporting document: it is mandatory to attach a certificate on having obtained the knowledge and skills in regard to powers, obligations and operation of supervisory boards.

III. The second evaluation phase (criteria and supporting documents for selection into the nomination procedure)

Article 3

In the second evaluation phase, a potential candidate must fulfil the following criteria:

- satisfy to the highest extent the profile which is being sought and
- there must be grounds justifying that a potential candidate may give a positive contribution to the efficiency of the work of a Supervisory Board.

Supporting document:

- relevant statements in the Curriculum Vitae and its attached appendices,
- a motivational letter by a candidate.

IV. The third evaluation phase (conditions, criteria and supporting documents for nomination)

Article 4

Within the third evaluation phase, a potential candidate must fulfil and demonstrate all of the following conditions stipulated by the law;

- all those to be fulfilled in the first and the second evaluation phase and
- is not a member of the Supervisory or the Management Boards in the same company (Article 255 of ZD-1);
- is not a member of the Management Board or Board of Directors of a company's subsidiary (Article 273 of ZD-1);
- does not hold a procuration or acts as an authorised representative of the same company (Article 273 of ZD-1);
- a candidate is not a member of the Management Board of another company in which a member of the Management Board of this company serves as a Supervisory Board Member (Article 273 of ZD-1);
- when so stated in Articles of Association or in any other legal document on incorporation, a candidate meets the conditions laid down in the said documents (article 273 of ZGD-1);

- by assuming the role, a potential candidates for a member of Supervisory Board of a public limited company would not violate the non-compete obligation within the meaning of Article 41 of ZGD-1;
- is not in any direct business relationship with a company for whose Supervisory Board a candidate is running for, or with its subsidiaries, except in cases of the sale of regular products and services under general terms applicable to all subjects in the market (Article 21 of ZSDH-1);
- is not a member of supervisory or management bodies and is not employed for an indefinite or fixed period at legal entities which are in any kind of business relationship with the company for whose supervisory board a candidate is running for, or with the company's subsidiaries, except in cases of the sale of regular products and services under general terms applicable to all subjects in the market,(Article 21 of ZSDH-1);
- does not perform a function which, according to the act governing the integrity and prevention of corruption, under ZSDH-1 or as per another act, is incompatible with the membership in a supervisory or management bodies, and who has not performed such function in the previous six months (Article 21 of ZSDH-1).

Supporting document:

- review of statements in the Curriculum Vitae and analysis of its attached appendices,
- a candidate's Declaration on the fulfilment of nomination conditions,
- a Nomination Report on a structured interview which has been carried out with a candidate.

A potential candidate must fulfil the following conditions:

- is known for personal integrity and business ethics,
- his/her experience are recognised and demonstrated by business successfulness and reputation,
- has integrated business and other relevant knowledge and expertise,
- is familiar with rights and obligations of a supervisory board member;
- a candidate is capable of taking into account particularly the long-term interest of a company, having subordinated any potential other personal or individual goals to this objective;
- is available time-wise and will be available when performing the position;
- is capable of effective communication and teamwork;
- is not economically or personally or otherwise closely connected to the company or its management board, and
- is not in the conflict of interests.
- satisfy to the highest extent the profile which is being sought.

In view of the candidate's satisfaction of criteria regarding professional expertise and experience, the following will also be taken into account by the Nomination Committee:

- whether a candidate has been involved in any additional training from his profession and whether the candidate has expanded his/her professional expertise to complementary disciplines (for example, care for constant upgrading skills in finance, internal audit, accounting, legal, HR, management and leadership);
- has comprehensive business knowledge proved by references and relevant professional knowledge and skills;
- has the knowledge of at least one foreign language;
- a candidate's international orientation and multicultural experience are clear from references, confirming his/her professional and business broad-mindedness;
- knowledge of business models and processes confirmed by references and career, know-how of the role of a supervisory board member in terms of the profession and knowledge of expert skills which represent an added value in a Supervisory Board.

Supporting document and evaluation methods:

- review of statements in the Curriculum Vitae and analysis of its attached appendices,
- a structured interview,
- Declaration by a Candidate for Supervisory Board Member on independence (form)
- Declaration on No-Conflict of Interest, including the Statement that, by assuming the position, a potential candidate will not violate the non-compete obligation (form);
- Certificate on having obtained the knowledge and skills in regard to powers, obligations and operation of Supervisory Boards.

When a candidacy refers to a membership in supervisory or management boards of a company with special conditions laid down in the law (for example, banking, insurance companies, and similar), a potential candidate must also fulfil these conditions and submit adequate supporting documents in this regard.

V. Final provisions

Article 5

These Rules shall be adopted and shall enter into force when adopted by the Management Board of Slovenian Sovereign Holding.

With the day of entry into force of these Rules, the Rules on conditions, procedures and assessment criteria for determining the suitability of candidates for corporate governance bodies of companies with State's capital assets of 24 November 2014 ceases to apply.

Lidia Glavina
President of the Management Board

APPENDICES

APPENDIX I: Open invitation for accreditation published on public web site of Slovenian Sovereign Holding

Open invitation for accreditation published on public web site of Slovenian Sovereign Holding includes an invitation to apply, together with the following data and appendices:

1. Curriculum Vitae

For the presentation of their education and carrier, a potential candidates must use the Europass CV template found at the following link:

http://www.europass.si/dokumenti_europass/europass_zivljenjepis.aspx. It should be filled in in accordance with instructions and the following highlights:

- **Personal information** (first name, surname, address, mobile number, e-mail address, date of birth),
- **Work experience** presented in the reverse chronological order (the most recent one at the top) with the main activities and responsibilities held (work post, responsibility for business performance), actual reference to results and the most important achievements as well as the size of teams directly or indirectly managed, including the territory of operations,
- **Schools and programmes undertaken at educational institutions** which have been successfully completed by a candidate, together with the academic or professional titles obtained and the date of completion of each education and training programme. When a candidate is currently taking up any form of formal education (for example, post-graduate study programme), the anticipated deadline for the completion of the study should be mentioned.
- **Copies of supporting documents** should be attached (a photocopy of a diploma of university degree or higher education degree is mandatory),
- **other educational programmes and additional training** from the profession and/or supervisory function (for example, upgrading skills in finance, internal audit, accounting, legal, HR, management and leadership);
- participation in additional training sessions in regard to the knowledge of supervisory function and organisation which have been taken by a candidate, including a potential certificate issued for a member of Supervisory Board, if this has been obtained by a candidate,
- **Other knowledge obtained and competence:**
- Other language skills (in line with the Europass assessment table:

- http://europass.cedefop.europa.eu/img/dynamic/c1347/type.FileContent.file/ELPTemplate_sl_SI.doc), computer skills, knowledge of IT systems and other important business knowledge and other competences.

2. Appendices to CV

a) **Motivation letter comprising approximately one A4 page which contains the following elements :**

- A motive for the candidacy,
- The justification of the candidacy with a presentation of previous references,
- Added value for the industry/company/area of work in which a candidate wishes to operate.

b) **Candidate's declarations upon the accreditation candidacy:**

- **Declaration on personal consent on the use of personal data** in the supervisory board members accreditation process (mandatory use of the form sheet published on the SSH's web site),
- **Declaration on candidacy for accreditation** for a member of supervisory board (mandatory use of the form sheet published on the SSH's web site),
- **Declaration on fulfilling conditions for accreditation** (mandatory use of the form sheet published on the SSH's web site),
- **Declaration by a (potential) candidate on personal integrity and business ethics,**
- **Declaration by a (potential) candidate for a member of Supervisory Board on knowledge of rights and obligations of Supervisory Board member and on operation of Supervisory Boards** (it is mandatory to attach a certificate on knowledge obtained in regard to competences, responsibilities and functioning of supervisory bodies).

APPENDIX II: Invitation for supplementing the application in line with special requirements which have been verified in the nomination procedure

The invitation for supplementing the application in line with special requirements which have been verified in nomination procedure generally includes at least the invitation to submit:

Declarations upon the candidacy for a member of a supervisory board in a certain company:

- a) Declaration by a (potential) candidate for a Supervisory Board Member on fulfilling conditions for nomination and Nomination/Evaluation Consent** (mandatory use of the form sheet published on the SSH's web site),
- b) A declaration on independence and absence of conflict of interest** (mandatory use of the form sheet published on the SSH's web site),
- c) Declaration by a (potential) candidacy for a supervisory board member on personal integrity and business ethics** (mandatory use of the form published on the SSH's web site).