SLOVENIAN SOVEREIGN HOLDING

Slovenian Sovereign Holding

Asset Management Policy

Ljubljana, September 2026

Slovenian Sovereign Holding, d. d., (hereinafter referred to as: SSH) first adopted the SSH Asset Management Policy on 19 December 2014. The most recent update to the SSH Asset Management Policy (the Asset Management Policy) was published in May 2023.

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ABBREVIATIONS AND DEFINITIONS FOR THE PURPOSES OF THIS ASSET MANAGEMENT POLICY

Accreditation: a decision by the Nomination Committee confirming that a prospective candidate meets the accreditation requirements and is to be entered in the register of accredited prospective candidates for membership of the supervisory or management bodies of state-owned enterprises.

Asset management instruments: the instruments in force from time to time whose content and adoption procedures are prescribed in Chapter 3 of the Slovenian Sovereign Holding Act (ZSDH-1). In addition to this Asset Management Policy, these instruments comprise the State Asset Management Strategy (the Strategy), the Annual Asset Management Plan (the Annual Management Plan) and the Corporate Governance Code for SOEs (the Code).

Other competent body or person: the executive committee responsible for the capital asset concerned, another decision-making body or a person holding the relevant director position within SSH to whom the SSH Management Board has delegated authority under an internal regulation to conduct individual transactions. The term also includes a person authorised by the SSH Management Board by means of a legal transaction to conduct a specific transaction.

State-owned enterprise (SOE) or company with capital assets of the State: a company in which SSH manages state capital assets.

BAMC: Bank Assets Management Company, d. d., which was merged into SSH on 30 December 2022.

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

Candidacy procedures: procedures comprising accreditation and nomination, governed by Chapter 19 of this Asset Management Policy.

Capital assets: equity securities as defined in the legislation governing the financial instruments market, or shareholdings or other equity interests in companies under the legislation governing companies.

Capital asset of the State: a capital asset held by SSH in a company, or a capital asset owned by the Republic of Slovenia or KAD and managed by SSH pursuant to ZSDH-1. The provisions of this Asset Management Policy relating to state capital assets also apply to the shareholding of the Pension and Disability Insurance Institute of Slovenia in Zavarovalnica Triglav, d. d. This shareholding was expressly placed under SSH's management by Article 85 of ZSDH-1, although it does not fall within the statutory definition of a state capital asset.

Capital assets of KAD: capital assets owned by KAD.

Code: the Corporate Governance Code for SOEs provided for in Article 32 of ZSDH-1.

Competences: a combination of professional knowledge, social and other skills, and personal attributes that an individual must possess under the specified competence model.

Annual Asset Management Plan: the asset management instrument provided for in Article 30 of ZSDH-1. It is adopted by the SSH Management Board on the basis of the approved Strategy. The Annual Asset Management Plan sets out SSH's detailed objectives for managing individual capital assets in the relevant financial year, together with the measures and guidelines for achieving those objectives. The Annual Asset Management Plan is subject to the consent of the SSH Supervisory Board and is adopted once the Government of the Republic of Slovenia gives its consent on a proposal from the ministry responsible for finance. If the Government of the Republic of Slovenia has not given its consent to the Annual Asset Management Plan by the start of the relevant financial year, SSH's asset management activities are conducted in accordance with Article 19 of this Asset Management Policy until that consent is given.

Assets: comprise capital assets, claims and tangible assets.

Conflict of interest: A conflict of interest arises where a person's private interest influences, or appears to influence, the impartial and objective performance of their duties in the company. For a conflict of interest to arise, both constituent elements must be present: a private interest and circumstances indicating that it has influenced, or could influence, impartial and objective decision-making. In this context, a person's private interest means a pecuniary or non-pecuniary benefit for that person, their immediate

family members or other natural persons, legal persons or other entities with whom that person has or has had personal, business or political ties. It also includes an interest arising from personal feelings or from political or national sympathies or antipathies. The definition of conflict of interest in this Asset Management Policy is consistent with the definition in the Integrity and Prevention of Corruption Act (ZIntPK), to which Article 59 of ZSDH-1 also refers. The practice of the Commission for the Prevention of Corruption and relevant case law shall also be taken into account, as appropriate, when interpreting this definition. Detailed instructions and guidance on avoiding conflicts of interest shall be set out in an internal SSH regulation.

Independence of candidates for, and members of, SOE supervisory bodies and of Nomination Committee members: A person is independent if they are not dependent under this Asset Management Policy.

Nomination: a decision by the Nomination Committee based on its examination, assessment and evaluation of whether a prospective candidate meets the prescribed nomination requirements and criteria and is suitable for membership of the supervisory or management body of the company concerned.

Immediate family members: the spouse, children, adopted children, parents, adoptive parents and siblings of the individual concerned, together with persons who share a household or domestic life with that individual.

Dependence of a member of the Nomination Committee: the provisions of this Asset Management Policy on the dependence of supervisory body members shall apply, as appropriate, to members of the Nomination Committee.

Dependence 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 member and the interests of the company.
2. The potential conflict of interest arises from a personal, business or other connection with the company, its Management Board or any other person, entity or stakeholder of the company whose interests generally conflict with those of the company.
3. The potential conflict of interest is of a lasting rather than merely temporary 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 nature and number of actions and decisions concerned, the likelihood of the conflict actually materialising, and the individual's personal characteristics, particularly their character and past conduct.

SSH shall specify the circumstances giving rise to a presumption of dependence in the declaration of independence form, which is attached to the application for the nomination procedure and published on SSH's public website. These presumptions are rebuttable. A candidate may therefore rebut a particular presumption by providing an appropriate explanation and declare themselves independent, even where circumstances indicating dependence are present.

Important capital assets: capital assets in companies through which the Republic of Slovenia seeks to preserve key drivers of development within Slovenia.

Nomination Committee Portal: the online portal of the SSH Nomination Committee through which interested individuals may apply for inclusion in the register of accredited prospective candidates for membership of the supervisory or management bodies of SOEs. The portal is owned and managed by SSH.

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

Dominant influence of SSH: dominant influence as defined in the legislation governing companies.

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

Disposal of assets: the encumbrance, sale, exchange or any other legal transaction under which an asset owned by SSH or the Republic of Slovenia is transferred to another legal or natural person. It may also include the conversion of a claim into an equity interest in a company or into tangible assets.

RS: the Republic of Slovenia.

SSH: Slovenski državni holding, d. d. (Slovenian Sovereign Holding), whose establishment, status, rights and obligations are governed by ZSDH-1.

SSH Corporate Strategy 2025–20300: the Slovenian Sovereign Holding Corporate Strategy 2025–2030, which sets out SSH's values, vision, key strategic orientations, objectives and strategic activities to 2030.

State Asset Management Strategy: the asset management instrument in force from time to time, adopted by the National Assembly of the Republic of Slovenia on a proposal from the Government of the Republic of Slovenia pursuant to Article 29 of ZSDH-1.

Strategic capital assets: capital assets through which the Republic of Slovenia pursues strategic objectives in addition to economic objectives, and which are classified as strategic in the Strategy.

Tangible assets: movable and immovable property owned by SSH that is held for disposal, rental or safekeeping (in the case of works of art), rather than for SSH's own use.

Asset manager: an SSH employee responsible for performing management tasks in relation to a specific asset. A capital asset manager is appointed by resolution of the SSH Management Board.

Tangible asset manager: an SSH employee responsible for performing management tasks in relation to specific tangible assets, or a third party engaged under a separate contract to perform specified tangible asset management tasks.

Asset management: the acquisition and disposal of assets, together with any other actions taken in accordance with applicable legislation to exercise (i) the rights of a shareholder or member of a company, (ii) creditor rights and (iii) the rights of an owner of tangible assets.

Claims: a creditor's right to require a debtor or guarantor to fulfil an obligation, or to obtain satisfaction of a claim by realising assets of the debtor and/or a third party that provides security or a guarantee, in any form, for the performance of the debtor's obligation.

Majority shareholding of SSH: a majority shareholding as defined in the legislation governing companies.

ZDIJZ: the Public Information Access Act (Official Gazette of the Republic of Slovenia, No. 24/2003 and subsequent amendments).

ZJN-3: the Public Procurement Act (Official Gazette of the Republic of Slovenia, No. 91/2015 and subsequent amendments).

ZGD-1: the Companies Act (Official Gazette of the Republic of Slovenia, No. 42/2006 and subsequent amendments).

ZIntPK: the Integrity and Prevention of Corruption Act (Official Gazette of the Republic of Slovenia, No. 45/2010 and subsequent amendments).

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

ZSDH-1: the Slovenian Sovereign Holding Act (Official Gazette of the Republic of Slovenia, No. 25/2014 and subsequent amendments).

ZTFI-1: the Financial Instruments Market Act (Official Gazette of the Republic of Slovenia, No. 77/2018 and subsequent amendments).

ZUKSB: the Act Regulating Measures of the Republic of Slovenia to Strengthen the Stability of Banks (Official Gazette of the Republic of Slovenia, No.105/12 and subsequent amendments)

ZPre-1: the Takeovers Act (Official Gazette of the Republic of Slovenia, No. 79/2006 and subsequent amendments).

ZPOmK-2: the Prevention of the Restriction of Competition Act (Official Gazette of the Republic of Slovenia, No. 130/2022 and subsequent amendments).

PART I: GENERAL FRAMEWORK

1. INTRODUCTION

The Asset Management Policy is an autonomous legal instrument setting out the principles, procedures and criteria that SSH must follow in performing its asset management duties under ZSDH-1.

It supplements the statutory provisions with more detailed rules on transparency and traceability in asset management decision-making and the related oversight mechanisms.

The Asset Management Policy is divided into a general part and a special part. The general part sets out the fundamental framework for SSH's activities, explains its founding purpose and asset management objectives, and provides broader guidance on its operations and relationships with other stakeholders. The special part, set out in articles, lays down the rules and principles that SSH must follow in managing assets. It covers asset management decision-making, which must meet the standard of due professional care; compliance and integrity (honesty); and transparency in entering into employment contracts and contracts with external service providers, particularly for services procured in connection with asset management. The special part also lays down procedures for specific situations that SSH encounters in its day-to-day asset management activities. These include candidacy procedures, the exercise of corporate rights in SOEs and, in particular, procedures for the acquisition or disposal of assets. Both parts of the Asset Management Policy are equally binding for SSH.

The Asset Management Policy must be read in conjunction with relevant legislation, other asset management instruments and other relevant documents. Together, these form the overall framework governing the management of state capital assets, claims and tangible assets.

The complexity of an institution such as SSH is reflected in the extensive range of legislation governing its activities, including primary and secondary legislation and EU legal acts. A comprehensive list cannot be provided here. However, the principal corporate governance instruments applicable to SSH include:

- the Articles of Association of Slovenian Sovereign Holding;
- the Strategy;
- the Annual Asset Management Plan;
- the Criteria for Measuring Performance of SOEs;
- the Corporate Governance Code for SOEs;
- the SSH Recommendations and Expectations [1],
- the Rules on Assessment of Potential Candidates for Members of Management and Supervisory Bodies of SOEs; and
- the SSH Code of Ethics.

All the instruments listed above are publicly available on SSH's website. In the case of the Annual Asset Management Plan, only the general part is published.

1 The SSH Recommendations and Expectations provide a transparent framework through which SSH communicates specific recommendations and expectations to SOEs, setting them out clearly in advance and making them publicly available.

2. SLOVENIAN SOVEREIGN HOLDING

ESTABLISHMENT OF SSH

Slovenian Sovereign Holding was established was established on 26 April 2014, when ZSDH-1 entered into force and Slovenska odškodninska družba, d. d. (SOD), was transformed into SSH by operation of law. SSH began using its new corporate name on 11 June 2014, when the amendments to its Articles of Association and its change of name were entered in the Court Register.

LEGAL STATUS OF SSH

SSH is a joint-stock company with a two-tier governance 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 Republic of Slovenia is SSH's founder and sole shareholder. The functions and powers of SSH's General Meeting are exercised by the Government of the Republic of Slovenia. The SSH Supervisory Board has five members, all appointed by the National Assembly of the Republic of Slovenia on a proposal from the Government of the Republic of Slovenia. The SSH Management Board comprises a President and up to two other members, all appointed by the SSH Supervisory Board following a public call for applications.

SSH is no longer a public company within the meaning of the Financial Instruments Market Act (ZTFI-1), as its listed bonds (ticker symbol: SOS3) were redeemed in full at the end of June 2020.

On 30 December 2022, following BAMC's merger into SSH pursuant to ZUKSB, SSH assumed BAMC's assets, rights and obligations, with a cut-off date of 1 July 2022. SSH is deemed by law to be BAMC's universal legal successor.

PURPOSE OF SSH'S ESTABLISHMENT

SSH was established to provide centralised, transparent and professional management of state capital assets, independent of day-to-day politics.

SSH also continues to perform SOD's functions, exercise its powers and rights, and fulfil its obligations, including the settlement of liabilities to beneficiaries under the Denationalisation Act and other regulations.

By taking over BAMC's assets, rights and obligations, SSH also assumed responsibility for managing claims and tangible assets. With effect from 1 October 2024, most of SSH's tangible assets were transferred to D.S.U., družba za svetovanje in upravljanje, d. o. o.

SSH OBJECTIVES

SSH's fundamental objective in managing assets is to increase their value over the long term and maximise returns for their owners (economic objectives). The strategic and macroeconomic objectives pursued by SSH in managing individual assets are set out in the Strategy and the Annual Asset Management Plan. When disposing of capital assets, SSH's primary objective is to secure the highest possible sale price. In doing so, it takes into account that sales of capital assets owned by the Republic of Slovenia are intended to provide cash for the state budget, while sales of KAD's capital assets provide funding for the pension system.

SSH continually develops and strengthens the corporate governance system to contribute as effectively as possible to strong performance by SOEs and increased value for owners through both dividend income and growth in the value of capital assets. In doing so, SSH emphasises transparency, strengthening integrity and accountability, mitigating corruption risks, managing conflicts of interest, preventing the misuse of information and promoting the sustainable development of SOEs. Depending on the significance of the capital asset concerned, SSH also pursues broader governance objectives at company level, alongside financial objectives. These contribute to stable economic growth and a stronger overall business environment in the Republic of Slovenia, particularly in terms

of employment, competitiveness, the quality of services provided in the public interest, and social development that is sustainable and viable over the long term.

A substantial part of SSH's activities involves setting appropriate expectations for SOEs and monitoring whether they meet those expectations. Standards of corporate governance in these companies are expected, at a minimum, to meet the requirements of applicable legislation and the Code. In accordance with ZSDH-1, SSH has adopted the Criteria for Measuring Performance of SOEs, which it tailors to individual companies and translates into specific targets each year in the Annual Asset Management Plan. These two instruments set out SSH's expectations regarding the business performance of SOEs. Some specific expectations are communicated to these companies through the SSH Recommendations and Expectations.

The foregoing also applies, as appropriate, to the management and disposal of claims and tangible assets. As the institutional manager of all categories of assets entrusted to it, SSH must also, when managing claims and movable and immovable property, have regard to its founding purpose and its wider significance for the citizens of the Republic of Slovenia. Accordingly, in managing claims and tangible assets, SSH takes account of legitimate strategic and macroeconomic objectives alongside purely economic objectives, as set out in the Strategy or any other binding instruments of general application adopted by the legislature.

Finally, SSH also aims to bring denationalisation proceedings to a successful conclusion and, in accordance with the Denationalisation Act, compensate beneficiaries for property unjustly nationalised during the period from the Second World War to Slovenia's independence. In its capacity as paying agent for the Republic of Slovenia, SSH also aims to settle the State's obligations to beneficiaries in accordance with the statutory powers conferred on it. These obligations arise under the legislation governing redress for injustices caused by confiscation of property as a penalty and the legislation governing the payment of compensation for non-pecuniary damage to victims of wartime and post-war violence.

SSH VALUES

SSH upholds the following values:

1. **Integrity:** SSH operates in accordance with the highest standards of ethical and professional conduct. Its business activities are grounded in the principles of honesty, accountability and transparency. Strict compliance with legislation and internal rules is fundamental to building trust among employees, partners and all stakeholders.

2. **Respect:** SSH recognises and values diversity and promotes equality across all areas of its operations. It actively fosters an inclusive working environment that encourages the exchange of different perspectives and experiences. It maintains open and respectful relationships with stakeholders.

3. **Professionalism:** SSH is committed to achieving and maintaining the highest standards of professional excellence. It achieves this through ongoing training, the development of employees' competences and the adoption of best practice. SSH aims to optimise the management of state assets, adhering to the highest professional standards in line with international benchmarks.

4. **Collaboration:** SSH recognises the essential role of collaboration in delivering sustainable value and achieving long-term success. It promotes the proactive engagement of all relevant stakeholders and builds partnerships based on open communication, mutual understanding and the alignment of objectives.

3. ASSET MANAGEMENT PRINCIPLES

SSH observes the principles laid down or defined in ZSDH-1. In particular, these include the principles of due care and responsibility, independence, transparency and economy. These principles are laid down in the special part of this Asset Management Policy.

4. REFERENCE CODE

SSH uses the Corporate Governance Code for SOEs in force from time to time as its reference code. The Code is provided for in Article 32 of ZSDH-1.

5. STAKEHOLDER GROUPS: APPROACH TO AND PURPOSE OF ENGAGEMENT

SHAREHOLDER

The sole shareholder of SSH is the Republic of Slovenia. Decisions falling within the powers of SSH's General Meeting are taken by the Government of the Republic of Slovenia through General Meeting resolutions. The exception concerns the appointment and removal of SSH Supervisory Board members, who are appointed or removed by the National Assembly of the Republic of Slovenia on a proposal from the Government of the Republic of Slovenia.

Communication between SSH and its sole shareholder is shaped by State ownership and the differing roles of state authorities. The rules governing this communication are set out primarily in ZSDH-1. The State communicates its asset management expectations to SSH through the State Asset Management Strategy. Any further communication between state authorities and SSH takes place in accordance with Article 7 of ZSDH-1. Under Article 41(3) of ZSDH-1, the ministers responsible for finance and the economy and the President of the National Assembly's Commission for Public Finance Control may also attend SSH Supervisory Board meetings. They are sent an invitation, all meeting papers and the Supervisory Board minutes for each meeting.

In addition to these communication channels, the shareholder may obtain information about SSH's documents, work and activities through:

- material published on SSH's public website in accordance with Article 64 of ZSDH-1;
- the annual report submitted to the National Assembly of the Republic of Slovenia in accordance with Article 67 of ZSDH-1;
- quarterly reports submitted to the Government of the Republic of Slovenia, with copies sent to the National Assembly's Commission for Public Finance Control for information; and
- SSH statements to the media.

REGULATORY AND STATE AUTHORITIES

SSH maintains a constructive dialogue with regulatory and state authorities. SSH consults these authorities on specific questions of law or fact and takes their views into account in its decision-making. These communications must be traceable in accordance with Article 7(2) of ZSDH-1.

SSH's cooperation with state representatives is essential to the coordinated and effective management of state capital assets and the achievement of both wider societal objectives and governance objectives for SOEs.

MEMBERS OF THE SUPERVISORY BODIES OF SOES

SSH's role in selecting and appointing supervisory body members in SOEs is one of its most important responsibilities. SSH communicates with members of these supervisory bodies in a manner that respects their independence. SSH's proposals, positions and opinions do not constitute undue pressure on supervisory body members. These contributions are intended to help members weigh different perspectives and use their own judgement to choose the best course of action, taking account of the company's objectives and circumstances. SSH also seeks to improve corporate governance in SOEs by organising professional educational events for members of their supervisory and management bodies.

MANAGEMENT BODIES OF SOES

SSH also engages, where necessary, with SOEs' management boards and other management bodies. In doing so, it takes account of the scope of its corporate rights, the companies' ownership structures and the relevant SSH instruments, while respecting these bodies' autonomy and independence. SSH also seeks to maintain constructive dialogue with representative trade unions through ECESA. Through its proposals, positions and opinions, SSH seeks to help management bodies weigh different perspectives and use their own judgement to choose the best course of action, taking account of the company's objectives and circumstances.

SSH engages with SOEs through regular and ad hoc meetings, written communication and educational events it organises. SSH also communicates relevant asset management instruments to these companies and uses other forms of engagement appropriate to the stakeholder concerned. SSH's engagement with SOEs and its proactive management of relationships with their stakeholders are essential to achieving asset management objectives, including:

- securing appropriate and stable dividend levels;
- increasing productivity and the sustainable value of the portfolio;
- achieving strategic objectives and preserving key drivers of development; and
- achieving high standards of corporate governance in SOEs.

SSH EMPLOYEES

SSH's success and efficiency depend on the expertise, engagement and integrity of its employees. SSH is committed to excellence in its work, to investing in employees' knowledge and to rewarding strong performance. Its organisational culture is built on mutual trust, respect and a responsible approach to work.

SSH uses a range of communication channels to provide employees with regular updates on business developments at SSH and companies under its management, as well as economic conditions in Slovenia. The aim is to help employees work more effectively. The Employees' Council acts as a link between employees and management.

SSH seeks to safeguard its employees' health, safety and well-being. Developing an agile organisational culture supported by engaged, competent employees is a core element of the SSH Corporate Strategy. SSH's operations are based on processes that support sustainability and make optimal use of digitalisation, underpinned by corporate security.

SSH supports these priorities through an employee engagement survey, training to develop employees' competences, ongoing dialogue between its Management Board and the Employees' Council, and a range of measures implemented under its Family Friendly Enterprise and Socially Responsible Employer certifications. Further measures are envisaged in the current SSH Corporate Strategy.

EXPERT COMMITTEE FOR ECONOMIC AND SOCIAL AFFAIRS (ECESA)

ECESA is an advisory body to the SSH Management Board. SSH receives initiatives and opinions from ECESA on matters that could have employment law implications, affect corporate status or have social consequences for SSH and companies managed by SSH. The SSH Management Board keeps ECESA informed primarily about the management of state capital assets, plans for their sale and other economic and social matters. The SSH Management Board must consider ECESA's opinions, proposals and recommendations but is not bound by its positions on individual matters. Where the SSH Management Board's position differs from ECESA's, it must explain to the Committee the reasons for its actions and its differing position. ECESA members must maintain the confidentiality of information obtained in the course of their duties.

ECESA comprises representatives of all nationally representative trade union federations and confederations that are members of the Economic and Social Council. The SSH Management Board may express its views on economic and social matters only at ECESA meetings. This is intended to avoid allegations of unequal treatment arising from differences in the information provided to individual trade unions, their federations or confederations, or their representatives.

CITIZENS AND THE MEDIA

SSH operates as transparently as possible while fully complying with its obligations to protect confidential data and inside information. Citizens, the media and other interested parties can follow SSH's activities and performance through information published on SSH's public website and statements to the media, as well as occasional press conferences and stakeholder events. SSH communicates actively and responsibly with the media, in keeping with its role as manager of a significant share of state assets. SSH is subject to legislation governing the media and access to public information.

6. POLICY ON RELATIONS BETWEEN SSH AND SOES

Although SSH's corporate name includes the word 'holding', it has few of the characteristics of a conventional holding company. Its role is to manage its own capital assets, those owned by the State and certain capital assets owned by KAD and ZPIZ. It applies the same management approach to all capital assets, whether owned by SSH, the Republic of Slovenia or KAD. SSH does not manage SOEs as a single corporate group under unified direction. [2]

SSH's General Meeting performs the functions of KAD's General Meeting. [3] KAD manages its own capital assets autonomously and independently. Where capital assets owned by SSH and/or the Republic of Slovenia are being sold in a company in which KAD also holds capital assets, all these holdings are sold through a single process. SSH conducts the process at its own discretion, exercising the care and diligence of a prudent businessperson (in Slovenian: *"skrbnost vestnega in poštenega gospodarstvenika"*), and acts also on behalf of and for the account of KAD. In accordance with the provisions of ZSDH-1 [4], where KAD holds capital assets in an SOE alongside SSH and/or the Republic of Slovenia, SSH also exercises KAD's voting rights at the company's general meetings. It does so in agreement with KAD or, if agreement cannot be reached, at its own discretion.

SSH holds a majority shareholding and/or exercises dominant influence in certain SOEs. Both terms are defined in the opening glossary of this Asset Management Policy. Whether SSH holds a majority shareholding or exercises dominant influence is relevant to the application of several provisions of ZSDH-1, particularly those concerning the conditions for appointing supervisory body members, conflicts of interest and compliance.

2 Under Article 20 of ZSDH-1, SSH must not interfere with the independence of these companies' governing bodies.
3 Article 51, Paragraph 4 of ZSDH-1.
4 Article 53, Paragraph 4 of ZSDH-1.

7. COMMITMENT TO MANAGING CONFLICTS OF INTEREST AND SAFEGUARDING THE INDEPENDENCE OF SSH SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS

Members of SSH's Management Board and Supervisory Board must act exclusively in SSH's interests and, when managing assets owned by the Republic of Slovenia, exclusively in the interests of the Republic of Slovenia. Any Management Board or Supervisory Board member who is unable to perform their duties for any reason, particularly because of pressure on their autonomy or independence in decision-making or inaction by other members of the relevant board, must inform the other members of that board and ensure that the notification is documented. They must also act in accordance with Article 57(1) of ZSDH-1.

Members of SSH's Management Board and Supervisory Board are not bound by instructions from state authorities or third parties. They must perform their duties autonomously and independently.

SSH SUPERVISORY BOARD

Where members of the SSH Supervisory Board become aware of circumstances indicating a conflict of interest, they must act in accordance with applicable legislation and SSH's internal rules and regulation on avoiding conflicts of interest to prevent and resolve such conflicts. Members must notify the SSH Supervisory Board of any actual or potential conflict of interest arising in the course of, or in connection with, their duties. A Supervisory Board member who requests that the other members vote on their recusal must obtain an opinion from SSH's Chief Compliance and Integrity Officer before the vote. Each member must also notify the other Supervisory Board members of any material changes relating to their declaration under Article 59 of ZSDH-1, submitted to the competent authority within one month of their appointment.

Each Supervisory Board member bears full personal responsibility for the performance of their duties and is not bound by the opinions or instructions of those who elected, nominated or appointed them. All members of the Supervisory Board have equal rights and obligations. Each member must apply the knowledge and experience that led to their appointment to the SSH Supervisory Board.

SSH MANAGEMENT BOARD

Where members of the SSH Management Board become aware of circumstances indicating a conflict of interest, they must act in accordance with applicable legislation and SSH's internal rules and regulation on avoiding conflicts of interest to prevent and resolve such conflicts. Members must notify the other Management Board members, the Supervisory Board and the Chief Compliance and Integrity Officer of any actual or potential conflict of interest arising in the course of, or in connection with, their duties. A Management Board member who requests that the SSH Supervisory Board vote on their recusal must obtain an opinion from SSH's Chief Compliance and Integrity Officer before the vote. Management Board members must also notify the other Management Board members and the Supervisory Board of any material changes relating to their declarations under Article 59 of ZSDH-1, submitted to the competent authority within one month of their appointment.

8. ALLOCATION OF RESPONSIBILITIES AND AUTHORITY AMONG MEMBERS OF SSH'S MANAGEMENT AND SUPERVISORY BODIES

The SSH Management Board manages the company and its business, while the SSH Supervisory Board oversees its work. The two boards work closely together in the interests of SSH and the Republic of Slovenia. Only ZSDH-1 or SSH's Articles of Association may require the Management Board to obtain the SSH Supervisory Board's approval for specific transactions. The Supervisory Board cannot impose such a requirement by resolution.

The allocation of responsibilities and tasks between the Management Board and the Supervisory Board, together with the arrangements for their cooperation, is set out in ZSDH-1, SSH's Articles of Association and the internal rules governing the work of the Management Board and Executive Committees and that of the Supervisory Board. The internal rules governing the work of the SSH Management Board and Executive Committees also govern any allocation of tasks or business areas among Management Board members. The delegation of authority from the Management Board to Executive Committees and individual executives and managers to conduct specific company transactions is governed by a separate internal regulation on the delegation of authority.

All rules governing relations between SSH's governing bodies are fully consistent with Slovenian legislation and good practice, including in relation to conflicts of interest.

9. SAFEGUARDING EMPLOYEES' INTERESTS

Employees may work with their employer through SSH's Employees' Council to achieve shared objectives and reconcile the interests of labour and capital. ZSDH-1 explicitly provides that the provisions of the law governing employee participation in management do not apply to the SSH Supervisory Board.

SSH promotes and facilitates the education and training of its employees. Education and training take various forms, including in-house training and formal education and study with external providers. All employees have the opportunity to pursue further education to help optimise work processes.

SSH seeks to create a positive working environment and promote employee well-being. SSH rejects any conduct that undermines employees' dignity or personal integrity and takes action when breaches occur. SSH takes appropriate measures to protect employees from any form of harassment or other repeated or systematic conduct directed at them at work or in connection with work that is reprehensible or manifestly negative and offensive.

SSH ensures equal opportunities for all employees, regardless of sex, race, skin colour, age, health status or disability, religious, political or other beliefs, trade union membership, national or social origin, family status, financial circumstances, sexual orientation or other personal circumstances.

The SSH Code of Ethics sets out the fundamental values and principles governing acceptable conduct and behaviour among SSH employees.

PART II: SPECIAL PROVISIONS

10. GENERAL PROVISIONS ON THE ASSET MANAGEMENT POLICY

Article 1

(Content and adoption procedure)

The Asset Management Policy sets out in detail the principles, procedures and criteria that SSH must observe when performing its duties under ZSDH-1. The purpose of the Asset Management Policy is to ensure transparency and traceability in decision-making. It therefore establishes oversight mechanisms for asset management, recruitment and the engagement of external service providers.

The Asset Management Policy sets out detailed procedures for disposing of assets to ensure compliance with ZSDH-1 and protect the interests of SSH, KAD and the Republic of Slovenia. These procedures facilitate efficient asset disposals and establish clear mechanisms for securing the highest possible price and achieving any other objectives pursued by SSH, KAD or the Republic of Slovenia in the disposal process.

The SSH Management Board adopts the Asset Management Policy, subject to the approval of the SSH Supervisory Board.

Article 2

(Supplementary internal rules)

Where the Asset Management Policy does not address a matter fully or in sufficient detail, further rules may be set out in an internal regulation. Any such regulation must not conflict with the provisions of the Asset Management Policy.

11. SSH'S ROLE IN ASSET MANAGEMENT

11.1. GENERAL PROVISIONS

Article 3

(Centralisation of asset management)

As the central state institution responsible for asset management, SSH brings together specialist expertise and establishes the most efficient management processes across its various areas of activity, taking account of the type, significance, form and other characteristics of the assets it manages.

The purpose of centralising asset management within SSH is to secure stable ownership, thereby reducing management costs and increasing returns and the overall value of the assets over the long term. This serves the Republic of Slovenia's economic, development and public interest objectives.

Article 4

(Types of assets managed by SSH)

This Asset Management Policy governs the management of three main categories of assets transferred to SSH's ownership under various statutory arrangements or entrusted to SSH for management by the Republic of Slovenia: (i) state capital assets; (ii) claims; and (iii) tangible assets.

11.2. MANAGEMENT OF STATE CAPITAL ASSETS

Article 5

(Scope of capital asset management)

SSH manages its own capital assets and those owned by the Republic of Slovenia, except where the latter are excluded from SSH's management under ZSDH-1 or another law. In accordance with ZSDH-1, SSH also exercises certain management rights in respect of KAD's capital assets in companies in which SSH and/or the Republic of Slovenia also hold capital assets.

SSH also manages ZPIZ's holding in Zavarovalnica Triglav, d. d., Ljubljana, which is not classified as a state capital asset under ZSDH-1.

SSH adapts the pace and manner of its management activities to each SOE's legal form. It must exercise its rights under ZGD-1 and ZSDH-1 with due care and responsibility.

Article 6

(SSH's capital asset management tasks)

In managing capital assets, SSH performs the following tasks and activities in particular:

- attends general meetings and exercises voting rights;
- ensures the exercise of other shareholder or company member rights, including convening general meetings, adding items to the agenda, requesting special and extraordinary audits and bringing claims for damages;
- safeguards the rights of the shareholder or company member through legal means and represents them in administrative, judicial and other proceedings;
- ensures that the substance of each proposed general meeting resolution is properly assessed and that corporate governance procedures comply with legislation and the asset management instruments;
- establishes a well-designed and transparent process for the accreditation, nomination and selection of candidates for membership of SOEs' supervisory and management bodies, and ensures its implementation;
- acquires assets;
- seeks to ensure that remuneration arrangements for members of SOEs' supervisory bodies serve the company's long-term interests and encourage qualified professionals to seek appointment to those bodies;
- establishes reporting systems in accordance with applicable regulations to safeguard the interests of SSH and the Republic of Slovenia as shareholders or company members and enable the assessment of each company's governance systems;
- enters into shareholders' agreements or other agreements setting out the rights and obligations of SSH, the Republic of Slovenia and third parties in relation to asset management or disposal;
- promotes sound corporate governance systems in SOEs and, within the scope of its rights, ensures that these systems are in place and continually improved; and
- disposes of individual capital assets to the extent and in the manner prescribed by ZSDH-1 and the asset management instruments.

11.3. MANAGEMENT OF CLAIMS

Article 7

(Scope of claim management)

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

SSH shall manage claims with a view to maximising recoveries, whether through voluntary payment under contractual arrangements with the debtor, realisation of pledged assets, recovery from the debtor's surplus assets in bankruptcy proceedings or recovery from third parties that guarantee the principal debtor's obligations. This shall also include the subsequent acquisition of claims and the disposal of claims. In managing claims, SSH shall ensure traceability and transparency and shall follow the private investor principle.

Where SSH is both a creditor and an equity holder in a debtor, it shall seek to maximise the overall economic benefit.

Article 8

(SSH's claim management tasks)

In managing claims, SSH shall, in particular:

- restructure claims against operating companies to secure repayment of SSH's claims as quickly as possible while safeguarding the companies' continued operation and development;
- encourage companies to refinance their debt to SSH;
- cooperate with other financial creditors and pursue common interests where they are also involved in the restructuring;
- coordinate management activities within SSH where it acts as both an equity holder and a creditor;
- identify all other options for recovering SSH's claims where the debtor cannot meet its obligations from cash flow;
- cooperate with the bankruptcy administrator and actively seek solutions where SSH has lodged a claim in bankruptcy proceedings;
- respond promptly to all requests, public notices and sale processes in corporate bankruptcy proceedings;
- identify potential buyers for claims and conduct sale processes;
- provide liquidity to debtors undergoing restructuring that are also companies managed by SSH, where this is assessed as economically sound in accordance with the Strategy and the Annual Asset Management Plan, provided that it does not constitute prohibited State aid; and
- take over collateral securing claims and purchase additional claims against the debtor where this is assessed as economically justified.

11.4. MANAGEMENT OF TANGIBLE ASSETS

Article 9

(Scope of tangible asset management)

The management of tangible assets shall primarily involve measures to maximise their value and appropriate disposal procedures aimed at generating the highest possible revenue at the lowest possible cost. Management activities shall be based on the disposal strategy. Tangible asset management shall include acquiring, disposing of and renting out assets, with a view to their subsequent sale or to generating cash flow for SSH.

Article 10

(SSH's tangible asset management tasks)

In managing tangible assets, SSH shall, in particular:

- decide whether to take ownership of assets in the course of realising collateral securing claims and subsequently manage any assets acquired, taking account of SSH's interests;
- preserve the value of tangible assets owned by SSH or provided as security for its claims through appropriate maintenance, security measures and insurance;
- invest in tangible assets to increase their value or improve their marketability, including through routine maintenance, participation in the adoption of spatial planning instruments, land development and the completion or construction of buildings and other structures;
- seek potential buyers or lessees for tangible assets, including through appropriate advertising, and conduct appropriate sale or rental procedures; and
- work with other asset management functions and companies on real estate matters, providing specialist expertise.

12. ASSET MANAGEMENT PRINCIPLES

Article 11

(Principle of due care and responsibility)

Members of SSH's governing bodies shall exercise the care and diligence of a conscientious and honest businessperson when performing their duties. They shall act exclusively in SSH's interests and, when managing assets owned by the Republic of Slovenia, exclusively in the interests of the Republic of Slovenia. They shall continually strive to improve corporate governance in SOEs and set an example of responsible and diligent asset management for other shareholders and company members. These requirements shall also apply, with the necessary adjustments, to the management of claims and tangible assets. In its operations, SSH shall take account of Slovenian and international recommendations and good practice in the management of capital assets, claims and tangible assets.

Members of SSH's governing bodies and other responsible persons at SSH shall act responsibly when managing assets and performing their duties. Responsible conduct shall be ensured, in particular, through the establishment, documentation and monitoring of arrangements covering:

- SSH's governance and operations in accordance with applicable regulations and consistent with its objective, the Strategy and the Annual Asset Management Plan;
- the clear definition, in SSH's internal regulations, of the rights, obligations and powers of individual members and office-holders involved in asset management;
- the establishment and implementation of internal policies and an organisational structure that ensures effective oversight and management of SSH's assets in subsidiaries or affiliated companies, consistent with SSH's objective, the Strategy and the Annual Asset Management Plan;
- the adequacy and effectiveness of the internal control system;
- the adequacy and effectiveness of the internal risk management system, covering information, organisational, legal, financial, security and other risks;
- the implementation of Chapter 6 of ZSDH-1, which sets out measures to strengthen integrity and accountability and reduce the risks of corruption, conflicts of interest and misuse of inside information in asset management, together with oversight and reporting requirements applicable to SSH;
- the effectiveness of internal communication and reporting systems and relations with competent authorities;
- the policy for assessing the performance and suitability of appointed members of SSH's governing bodies; and
- the keeping of minutes of SSH governing body meetings, the retention of transcripts of audio recordings of SSH Management Board and Supervisory Board meetings, and other key documentation enabling assessment of the performance of governing body members and other responsible persons at SSH, or of the diligence and responsibility with which they perform their duties.

Article 12

(Principle of independence)

SSH and its governing bodies shall not be bound by instructions from state authorities or third parties. They shall perform their duties under ZSDH-1 independently and autonomously. Exceptions shall apply where ZSDH-1 requires compliance with the objectives set out in the Strategy and other asset management instruments, or where provided for in special legislation applicable to individual assets.

This shall not preclude communication between SSH, state authorities and other public law entities, provided that such communication is traceable. Communication with a state authority or another public law entity shall not constitute a binding instruction and shall not bind SSH's governing bodies. These bodies shall retain full responsibility for their decisions under the Companies Act and ZSDH-1, regardless of any views expressed by state authorities or other public law entities.

SSH shall decide on asset disposals at its own discretion, in accordance with the Annual Asset Management Plan. In doing so, SSH shall not be subject to restrictions or approval requirements, except where the disposal of a particular asset is prohibited or restricted by the provisions of ZSDH-1 governing strategic and important capital assets or by another law, or where the law requires a competent state authority to issue a specific decision authorising disposal. The provisions of the law governing public finances shall not apply to the disposal of assets owned by the Republic of Slovenia and managed by SSH.

Article 13

(Principle of transparency)

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

In managing assets, SSH shall comply with the adopted asset management instruments provided for in ZSDH-1 and the prescribed procedures and criteria for asset management decisions.

Transparency shall be ensured in decision-making and through accountability and the traceability of any attempts to exert undisclosed influence on decisions of SSH's governing bodies. Transparency in decision-making shall be ensured by keeping minutes of SSH governing body meetings and transcripts of audio recordings of SSH Management Board and Supervisory Board meetings.

Responsibility for individual decisions and procedural acts in asset management procedures shall be clearly defined. Decision-making and procedural actions shall be traceable, and the custody and retention of all contracts concluded during the procedure shall be ensured. Transparency shall also be ensured by recording and documenting contacts between SSH and other participants in the procedure.

SSH shall clearly define in its internal regulations the rights, obligations and powers of individual members and office-holders involved in asset management, together with the arrangements for ensuring transparency and traceability.

Article 14

(Principle of economy)

SSH shall manage assets economically and efficiently, in a manner that enables the achievement of the objectives set out in the asset management instruments provided for in ZSDH-1, particularly the Strategy and the Annual Asset Management Plan.

SSH shall establish a risk management system for its operations that identifies and monitors risks associated with achieving individual asset management objectives and ensures that those risks are appropriately assessed and managed.

SSH shall organise its work and structure its workforce to enable the most efficient management processes across all areas of its operations.

SSH shall conduct asset disposal and acquisition procedures at the lowest possible cost, taking account of the particular circumstances of each case. SSH shall exercise particular care when commissioning services from external legal or financial advisers, due diligence providers, valuers and other providers of services relating to asset disposals or acquisitions.

13. ASSET MANAGEMENT OBJECTIVES

Article 15

(General asset management objectives)

The objectives of asset management shall be to increase asset value, secure the highest possible returns for asset holders and achieve any other objectives designated as strategic in the Strategy or another legislative act.

On the basis of the Strategy, the Annual Asset Management Plan shall set out SSH's detailed objectives for managing individual assets, together with the measures and guidelines for achieving those objectives.

Article 16

(Objectives for asset acquisition and disposal)

The primary objective when selling assets shall be to secure the highest possible sale price. Other objectives set out in the Strategy and the Annual Asset Management Plan shall also be taken into account, provided that this does not conflict with the primary objective or EU State aid rules.

When exchanging capital assets or tangible assets, or converting claims into equity stakes or tangible assets, the objective shall be to secure the greatest possible increase in overall economic value for SSH or the Republic of Slovenia compared with the position before the transaction. The same shall apply, with the necessary adjustments, to asset acquisitions.

14. DECISION-MAKING IN ASSET MANAGEMENT

Article 17

(Responsibility of the SSH Management Board)

The SSH Management Board shall be responsible for all management decisions in accordance with Article 47 of ZSDH-1. The SSH Management Board may delegate authority to make certain management decisions to Executive Committees, other decision-making bodies or individual SSH employees in accordance with Article 20 of this Asset Management Policy.

The SSH Management Board shall obtain the SSH Supervisory Board's prior approval for the acquisition or disposal of assets whose value exceeds the threshold specified in SSH's Articles of Association. The same requirement shall apply where SSH's Articles of Association require Supervisory Board approval for loan agreements or contracts with external advisers, valuers and other providers of services relating to asset management.

Article 18

(Adoption of management decisions)

SSH shall adopt management decisions in the form of written resolutions. Management decisions comprise decisions on acquiring or disposing of assets, exercising shareholder or company member rights, exercising rights as a creditor or owner of tangible assets, and entering into contracts and other legal transactions relating to asset management.

Every management decision shall be based on a proposal supported by sound professional reasoning. The proposal shall be prepared by the person responsible for managing the asset (the asset manager) and approved by the head (director) of the SSH organisational unit responsible for that asset. A lawyer shall review the proposal for legal soundness, and other SSH specialists shall contribute to its preparation where necessary.

The proposal referred to in the preceding paragraph shall contain all information needed to make the decision and the text of a resolution setting out the proposed decision in full. Where a decision concerns entering into a contract, approving a contract or another legal transaction, the proposal shall set out the essential terms of the contract or transaction concerned. The same shall apply to any other document submitted for signature or prior approval of its wording.

Before consideration by an SSH decision-making body, every proposal for a management decision shall be approved for compliance by an employee of SSH's organisational unit responsible for compliance and integrity and by the other responsible persons, in accordance with SSH's internal regulation.

Article 19

(Urgent management activities pending government approval of the Annual Asset Management Plan)

Where this Asset Management Policy requires specific management activities to comply with the Annual Asset Management Plan, but the Government of the Republic of Slovenia has not yet approved it for the relevant calendar year when SSH makes its decision, SSH may undertake urgent management activities directly on the basis of ZSDH-1 and the Strategy. Such activities shall not conflict with either the Annual Asset Management Plan for the current calendar year adopted by the SSH Management Board and approved

by the SSH Supervisory Board or the most recent Annual Asset Management Plan approved by the Government of the Republic of Slovenia. The requirement to comply with the latter document shall not apply if it conflicts with the Strategy.

For the purposes of this Article, urgent management activities are activities involving the management of capital assets that must be undertaken immediately to safeguard assets, returns or asset value, prevent significant damage or ensure the uninterrupted operation of a company in which the State or SSH holds an equity stake.

Where an urgent management activity under Paragraphs 1 and 2 of this Article would have a financial impact on the Republic of Slovenia's budget, SSH may undertake it only if the Ministry of Finance confirms in writing that the Republic of Slovenia has sufficient funds available in its budget for that purpose.

Article 20

(Delegation of authority to make management decisions)

SSH's internal regulation on the delegation of authority to conduct business may authorise another competent body to take certain management decisions, depending on the value and type of decision concerning the asset.

Article 21

(Preparation of an asset management plan)

SSH shall first prepare an asset management plan for any asset management process, such as an acquisition or disposal, or for a series of interrelated activities concerning an asset over an extended period. This requirement concerns activities that go beyond routine, individual or occasional management decisions. The asset management plan shall provide the basis for initiating activities and preparing proposals for subsequent decisions.

The asset management plan shall set out strategies for maximising value for SSH or the Republic of Slovenia in each case, taking account of economic and strategic objectives, together with possible alternative approaches. The asset management plan shall be amended or supplemented as necessary.

The asset management plan may cover several assets where activities of the same type are planned or uniform decisions are to be taken in respect of those assets.

The asset management plan shall be approved by the SSH Management Board or another competent body.

Article 22

(Appointment of a project team)

In more complex cases, the SSH Management Board or another competent body may appoint a project team, normally comprising SSH employees, to prepare the asset management plan referred to in the preceding Article, prepare an individual professional proposal under Article 18 of this Asset Management Policy or coordinate implementation of the approved asset management plan. The team members shall prepare and unanimously agree on the asset management plan or on proposals supported by sound professional reasoning for the adoption and implementation of management decisions.

15. ENSURING COMPLIANCE AND INTEGRITY IN ASSET MANAGEMENT

Article 23

(General provisions on compliance and integrity)

As part of its compliance and integrity system, SSH shall strictly comply with Chapter 6 of ZSDH-1 in all its operations. That Chapter sets out measures to strengthen integrity and accountability and reduce the risks of corruption, conflicts of interest and misuse of inside information in the management of state assets. SSH shall also comply with applicable legislation on the prevention of money laundering, personal data protection, the handling of reports of wrongdoing and whistleblower protection.

SSH's supervisory and management bodies, employees and members of its working bodies shall comply with applicable legislation, SSH's internal regulations and the SSH Integrity Plan, which set out detailed procedures for managing compliance and integrity risks. They shall also comply with the SSH Code of Ethics and the SSH Supervisory Board Code of Ethics.

Article 24

(Chief Compliance and Integrity Officer)

SSH shall employ a Chief Compliance and Integrity Officer (the Officer) to establish and implement its compliance and integrity system. The Officer's duties and powers are governed by Article 54 of ZSDH-1.

SSH shall guarantee the Officer's independence in the performance of their duties.

A person may be appointed as the Officer only if they meet the requirements for appointment to the SSH Management Board under ZSDH-1. The SSH Management Board shall appoint the Officer with the prior approval of the SSH Supervisory Board. The Officer may be removed from office only with the approval of the SSH Supervisory Board.

Article 25

(Management of conflicts of interest)

Persons authorised to make management decisions, those responsible for operational tasks involved in implementing asset management activities and any other persons entrusted, on any basis, with asset management tasks or activities shall at all times avoid conflicts of interest as defined by the law governing integrity and the prevention of corruption. They shall not use their position or information obtained in the performance of their office or duties to advance an improper private interest of their own or of another person.

Any such person who becomes aware of circumstances that could give rise to a conflict of interest for them shall immediately disclose those circumstances. They shall either withdraw from further work and decision-making on the asset and refrain from influencing its management, or request that the competent body decide on their recusal or any other necessary measures under Article 59 of ZSDH-1. The competent body shall decide within five working days of receiving the request. Pending that decision, the person shall neither work on nor make decisions concerning the matter, unless delay would cause significant business loss.

SSH shall include a specific clause in contracts with external financial or legal advisers, valuers and other service providers engaged in asset management procedures, requiring them to manage conflicts of interest in accordance with this Article.

SSH's internal regulation shall set out the duty to avoid conflicts of interest and instructions for managing them.

Article 26

(Protection of confidential information and inside information)

Persons referred to in the preceding Article shall treat all data, facts and circumstances concerning an asset under management as confidential, regardless of how they became aware of them. Confidential information shall include, in particular, plans and intentions concerning the disposal of an asset until they are publicly disclosed, together with any information about the progress of the procedure. In particular, these persons shall not disclose such information to third parties, use it themselves or enable third parties to use it, except where it is required by the agency responsible for securities market supervision to perform its statutory supervisory duties or by another supervisory authority acting within its statutory powers.

Where persons referred to in the preceding Article become aware of information that qualifies as inside information under ZTFI-1 and relates to an SOE, SSH shall include those persons in the list maintained under Paragraph 3 of Article 56 of ZSDH-1. The list shall link the identifier of the equity security to information identifying the persons who have become aware of inside information concerning the SOE that issued that security.

SSH shall include a specific clause in contracts with external financial or legal advisers, valuers and other service providers involved in asset management. The clause shall require them to comply with the confidentiality obligations in Paragraph 1 of this Article and confirm that they are aware of SSH's obligation under Paragraph 2.

An SSH internal regulation shall set out detailed rules on the protection of confidential information, inside information and trade secrets.

Article 27

(Customer due diligence)

As an entity required to conduct customer due diligence, particularly on asset buyers, SSH shall implement all measures prescribed by ZPPDFT-2, ZSDH-1 and this Asset Management Policy. It shall do so with the care and diligence of a conscientious and honest businessperson. An SSH internal regulation shall set out detailed procedures for conducting due diligence on buyers and the responsibilities of individual employees.

In accordance with ZPPDFT-2, the SSH Management Board shall appoint an officer responsible for preventing money laundering and terrorist financing (the AML/CFT Officer) and their deputy. Both shall be appointed from among SSH's employees.

During asset sale and purchase procedures, SSH shall inform potential buyers of the customer due diligence measures it is required to carry out. It shall communicate this information appropriately, either directly or indirectly, for example through a financial or legal adviser.

For the avoidance of doubt, SSH shall complete customer due diligence on the buyer in full before entering into a contract for the sale or purchase of an asset. If SSH cannot complete the required due diligence to the prescribed extent, it shall not enter into a sale contract.

Article 28

(Duty to include an anti-corruption clause)

In accordance with Article 73 of ZSDH-1, SSH shall include a mandatory anti-corruption clause in all contracts relating to the acquisition or disposal of assets that it concludes with other parties, whether in its own name or on behalf of and for the account of the Republic of Slovenia. The clause shall take account of the circumstances of the individual case and provide that a contract or an individual contractual provision shall be void where a person acting on behalf of or for the account of one contracting party promises, offers or gives an improper benefit to an agent or representative of the other party for any of the following purposes: (i) securing a contract; (ii) concluding a contract on more favourable terms; (iii) failing to exercise due supervision over the performance

of contractual obligations; or (iv) any other act or omission that causes damage to the other contracting party or enables an agent, representative or intermediary of that party to obtain an improper benefit. The clause shall also provide that ancillary transactions connected with such a contract shall be voidable.

In accordance with the Integrity and Prevention of Corruption Act, SSH shall include a mandatory anti-corruption clause in any contract for the procurement of goods, services or works with a value exceeding EUR 10,000 (excluding VAT). The clause shall take account of the circumstances of the individual case and provide that a contract shall be void where a person acting on behalf of or for the account of the other contracting party promises, offers or gives an improper benefit to a representative or intermediary of a public sector body or organisation for any of the following purposes: (i) securing a contract; (ii) concluding a contract on more favourable terms; (iii) failing to exercise due supervision over the performance of contractual obligations; or (iv) any other act or omission that causes damage to the public sector body or organisation or enables a representative of the public sector body, an intermediary of that body or organisation, the other contracting party or its representative, agent or intermediary to obtain an improper benefit.

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

Article 29

(Know your customer)

When establishing any business relationship or entering into a contract with a third party, SSH shall seek to obtain all information needed to identify and assess potential risks arising from that relationship or contract. This shall apply even where the provisions of ZPPDFT-2 on customer due diligence and the implementation of due diligence measures do not require SSH to do so. SSH shall specify the data and information that third parties must provide as a condition for entering into a transaction.

Article 30

(Prohibition on asset purchases)

Members of SSH's Management Board and Supervisory Board, members of committees and other bodies established by either board, and all SSH employees shall be prohibited from purchasing assets owned or managed by SSH, provided as security to SSH or in respect of which SSH has any other entitlement.

The prohibition shall continue for 12 months after the individual's employment or term of office ends and shall also apply to their immediate family members.

Article 31

(Restrictions on transactions with related parties)

In accordance with Article 60 of ZSDH-1, SSH shall not do business with a company, sole trader or other business entity in the public or private sector where a member of SSH's Management Board or Supervisory Board, an SSH procurator or any of their immediate family members is the holder of the undertaking. The prohibition shall also apply where any such person holds more than 5% of the entity's share capital, either individually or together with their immediate family members.

SSH shall also be prohibited from doing business with entities in which it holds capital assets or in which a member of SSH's Management Board, an SSH procurator or any of their immediate family members holds office as a legal representative, a member of a management or supervisory body, or a procurator.

SSH shall maintain on its website a list of entities subject to the restrictions set out in this Article. When entering into contracts with business entities, SSH shall require them to disclose all relevant information about their organisation and expressly confirm that these restrictions do not apply to them.

The prohibition shall not apply where SSH obtains ordinary products and services on standard terms applicable to all market participants.

Notwithstanding the preceding paragraphs of this Article, SSH may enter into an individual transaction with a related party if the SSH Supervisory Board approves it. The Supervisory Board may grant approval on the basis of a reasoned proposal from the SSH Management Board if it determines that the transaction serves a significant economic interest of SSH, that the associated risks of conflicts of interest, corruption and misuse of inside information are appropriately managed, and that SSH's integrity is safeguarded. The SSH Supervisory Board's written decision, stating the reasons for its approval, shall constitute public information. It shall be published on SSH's website and remain available there for five years from its date of issue.

16. PROCUREMENT OF GOODS AND SERVICES, ENGAGEMENT OF EXTERNAL ADVISERS AND EMPLOYMENT

16.1. GENERAL PROVISIONS

Article 32

(Public procurement obligations)

SSH shall be deemed a contracting authority under ZJN-3 when procuring goods, services or works of a value for which that Act requires the use of an open procedure, a restricted procedure, competitive dialogue or a negotiated procedure with or without prior publication

Article 33

(Internal regulation of procurement)

An SSH internal regulation governing the procurement of goods and services shall set out detailed rules for conducting procurement procedures for goods, services and works, including the duties and responsibilities of the persons involved.

Article 34

(Publication requirements)

In accordance with ZDIJZ, SSH shall publish on its website the essential elements of any contract with an external service provider for consultancy services, services involving works protected by copyright or other intellectual services. Publication shall take place no later than five days after the contract is concluded.

16.2. ENGAGEMENT OF EXTERNAL ADVISERS

Article 35

(Grounds for engaging external advisers)

Subject to the principle of economy, SSH may engage financial, tax or legal advisers, valuers or other specialists (each an external adviser) for asset management purposes in the following circumstances:

1 where the scale and complexity of management activities or asset acquisitions or disposals exceed SSH's staffing capacity, and engaging an external adviser is justified to ensure that the work is carried out to a high standard and is customary in the market;

2 where due diligence, valuation, corporate recovery or restructuring, or similar assignments require specialist expertise that SSH cannot provide through its own employees;

3 where legal opinions require highly specialised expertise that is not available within SSH;

4 where SSH identifies heightened legal, financial or other risks associated with asset management or an asset disposal or acquisition procedure and seeks additional expert support to mitigate those risks.

Before engaging an external adviser, SSH shall clearly define measurable objectives, tasks and expectations for the specific advisory assignment, together with indicative deadlines for delivering the agreed services.

The external service provider shall produce written documentation of the services provided that meets the standards of their profession.

Article 36

(Valuations)

To support informed management decisions, SSH shall use asset valuations prepared by internal or external valuers who are professionally qualified and experienced in asset valuation.

An SSH internal regulation shall set out the methodology for preparing internal valuations and the requirements they must meet. SSH shall commission an external valuation where this Asset Management Policy expressly requires one or where the circumstances of the individual case warrant engaging an external valuer.

Article 37

(Procedure for selecting an external adviser)

Where SSH is required to conduct a public procurement procedure when selecting an external adviser in accordance with Article 32 of this Asset Management Policy, the selection procedure (the public contract award procedure) shall be conducted by a tender committee appointed by the SSH Management Board or another authorised person. Detailed rules governing the public contract award procedure are set out in ZJN-3 and the SSH internal regulation referred to in Article 33 of this Asset Management Policy.

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 guidelines referred to in Article 33 of this Asset Management Policy. Where services are procured for a specific asset management procedure and a project team has already been appointed to conduct that procedure, the same team shall normally also select the external adviser. In other cases involving below-threshold contracts, responsibility for selecting the external adviser shall normally rest with the head (director) of the SSH organisational unit requiring the services. The head may assign tasks relating to the particular contract award procedure to a specialist employed within that unit.

Article 38

(Specific requirements for selecting external valuers)

Notwithstanding the preceding Article, the SSH organisational unit responsible for valuations shall conduct the below-threshold contract award procedure for engaging an external valuer. Where a public procurement procedure is required in accordance with ZJN-3, read in conjunction with Article 32 of this Asset Management Policy, the tender committee shall include at least one specialist from that organisational unit.

Where SSH commissions an external asset valuation, the service shall be provided only by an independent valuer who holds a licence issued by the Slovenian Institute of Auditors and is entered in one of the public registers maintained by the Institute: the register of certified business valuers, the register of certified real estate valuers or the register of certified valuers of machinery and equipment.

16.3. EMPLOYMENT

Article 39

(Employment)

Where an SSH organisational unit cannot operate efficiently with its existing staffing levels, or anticipates a prolonged or permanent increase in workload that its existing staff cannot accommodate, the head (director) of that unit shall submit a proposal to the SSH Management Board to recruit one or more additional employees. The SSH Management Board may also decide to recruit additional employees without a specific proposal from the head of the organisational unit if it considers that there are grounds for doing so.

When recruiting new employees, SSH shall advertise vacancies publicly, except where the law provides otherwise.

All other employment matters shall be governed by the legislation on employment relationships and SSH's internal regulations.

17. BASIC PRINCIPLES FOR THE EXERCISE OF SHAREHOLDER OR MEMBER RIGHTS AT GENERAL MEETINGS OF SOES

17.1. GENERAL PROVISIONS

Article 40

(Attendance at general meetings)

The provisions of this Chapter concerning the exercise of shareholder or member rights at company general meetings shall also apply, with the necessary adjustments, to the adoption of resolutions in single-member companies where SSH acts as founder, sole member or sole shareholder. This shall not apply to provisions that, by their nature, govern SSH's relations with other participants at general meetings or the conduct of those meetings.

SSH shall attend all general meetings of companies in which it exercises shareholder or member rights or holds governance entitlements under ZSDH-1, except in the circumstances specified in Paragraph 3 of this Article. For companies registered abroad, the

SSH Management Board may also decide, on duly justified grounds and taking account of the principle of economy, that SSH's attendance is not strictly necessary.

Subject to the preceding paragraph, SSH shall normally not attend general meetings of companies in which its governance entitlements amount to less than 1%. Non-attendance is justified by the principle of economy, given SSH's negligible influence on the outcome of votes on resolutions. However, SSH shall attend these meetings if it considers that the company's interests nevertheless require its presence. Even where SSH's governance entitlements exceed the threshold specified in the first sentence of this paragraph, SSH shall not attend a general meeting if the company has significant or majority members or shareholders and the carrying amount of the capital assets held in that company by SSH and/or the Republic of Slovenia and KAD is less than €20,000. That amount shall be calculated by reference to the company's equity as reported in its latest balance sheet.

Article 41

(Clear position on each agenda item)

SSH shall normally vote for or against a proposed resolution or submit its own counter-proposal.

Where a company seeks general meeting approval for a business decision that falls entirely within the remit of its management and supervisory bodies and does not require such approval, SSH shall vote against the proposed resolution.

Article 42

(Convening a general meeting)

Where a general meeting has not been convened but the company's interests require one, SSH shall request that the company's management body convene the meeting in accordance with ZGD-1. SSH shall also notify the company's supervisory body of the request. If the management body fails to convene the meeting within the statutory time limit and with the requested agenda, SSH shall apply to the court for authorisation to convene the meeting.

Article 43

(Registration for general meetings)

SSH shall register in good time to attend general meetings of SOEs, in accordance with applicable regulations.

Article 44

(Review of general meeting business and representation in accordance with voting instructions)

SSH shall review the business of each general meeting individually, considering each agenda item both separately and in relation to the other items.

An authorised representative shall attend the general meeting on SSH's behalf. The SSH Management Board shall authorise the representative specifically for each meeting in accordance with ZGD-1 and SSH's internal regulations.

SSH's authorised representative shall vote at the general meeting in accordance with written voting instructions.

Article 45

(Additional agenda items)

Where SSH considers the agenda of a convened general meeting to be incomplete, it shall prepare a request to add an agenda item in accordance with Article 298 of ZGD-1.

Article 46

(Counter-proposals)

Where SSH considers a proposed general meeting resolution inappropriate, it shall vote against it and, where necessary, prepare its own counter-proposal. SSH shall seek to submit its counter-proposal before the general meeting and shall submit it no later than at the meeting itself. Where another shareholder or member submits a counter-proposal before or at the general meeting that is substantively identical to SSH's proposal and is put to the vote first, SSH's authorised representative may vote in favour of that counter-proposal.

Where SSH's authorised representative becomes aware, immediately before or during the general meeting, of another shareholder's counter-proposal that differs in substance from SSH's position on the relevant agenda item, the representative shall normally vote against it. The representative may vote otherwise only if the SSH Management Board approves a different voting position in accordance with the internal regulation governing the adoption of voting positions for company general meetings.

The SSH Management Board may authorise the representative to exercise their own professional judgement when voting on a particular agenda item, taking account of the positions and guidelines set out in the voting instructions referred to in Article 44 of this Asset Management Policy.

17.2. ELECTION AND REMOVAL OF MEMBERS OF COMPANY SUPERVISORY BODIES

Article 47

(Election of members of company supervisory bodies)

When voting at general meetings on the election of supervisory body members, SSH shall apply objective criteria equally to all candidates.

Candidates' compliance with statutory requirements and criteria, together with the requirements set out in SSH's internal regulation, shall be established through the candidate selection procedure described in Chapter 18 of this Asset Management Policy. This procedure comprises accreditation and nomination. The SSH Nomination Committee shall also complete this procedure before the vote where candidates for a company's supervisory body are proposed by other shareholders. Where other shareholders propose candidates too late for the SSH Nomination Committee to complete the procedure in time, SSH shall vote against the proposals to elect those candidates.

Article 48

(Removal of supervisory body members)

Where a company's performance differs significantly from its business and financial plans and there are reasonable grounds to suspect that a failure by supervisory body members to exercise due care has contributed to that divergence, SSH shall propose an additional agenda item or request an extraordinary general meeting. At that meeting, SSH shall vote under the relevant agenda item for the removal of supervisory body members and the election of new members in accordance with ZSDH-1. SSH shall take the same steps where there are other professionally substantiated grounds for removing any member. Such grounds may include: (i) a significant departure, without justification or explanation, from the Code, SSH Recommendations and Expectations or other SSH guidelines and positions; (ii) significant changes in the company's operating circumstances requiring a change in the skills and experience represented on the supervisory body; (iii) reduced effectiveness of the supervisory body as a collective body; (iv) loss of shareholder confidence.

SSH shall publicly disclose the reasons for removing one or more supervisory body members.

Article 49

(Verification of continued compliance with eligibility requirements)

In accordance with Paragraph 7 of Article 21 of ZSDH-1 and SSH's internal regulation, SSH shall regularly verify whether members of SOEs' supervisory bodies meet the requirements and criteria set out in Paragraphs 2, 3 and 4 of that Article. Where SSH identifies non-compliance, it shall immediately initiate procedures for their removal. Supervisory body members must therefore meet the requirements and criteria under ZSDH-1 throughout their term of office, rather than only at the time of appointment.

Where SSH establishes that a serving supervisory body member no longer meets the requirements for holding office, but the circumstances indicate that the member can remedy the non-compliance themselves, SSH shall first require them to do so within a period not exceeding 30 days. Where the nature of the non-compliance means that it cannot reasonably be remedied, or the member fails to remedy it despite SSH's request, SSH shall initiate the removal procedure described above.

SSH shall regard an unjustified failure to respond to its request to remedy non-compliance as a breach of integrity. Such a failure to respond shall be recorded in the SSH Nomination Committee Portal. The entry shall serve as a reminder and shall render the individual ineligible for accreditation for a period of five years.

Article 50

(Appropriate composition of supervisory bodies)

In addition to ensuring that individual supervisory body members meet the requirements and criteria set out in ZGD-1, ZSDH-1 and SSH's internal regulation, SSH shall uphold its commitment to ensuring that the supervisory bodies of SOEs comprise members with complementary expertise and competences. Their age and gender composition shall, as far as possible, provide the necessary diversity in accordance with the Code's recommendations and the company's diversity policy, where one is in place. SSH shall also seek to achieve the statutory targets for representation of the under-represented gender in companies subject to those requirements. Any departure from the statutory targets for representation of the under-represented gender on a supervisory body shall be justified in the manner required by law.

17.3. GUIDELINES FOR DIVIDEND POLICIES

Article 51

(Appropriation of distributable profit)

SSH shall seek to ensure that SOEs explain to the general meeting the reasons for their proposed appropriation of distributable profit.

SSH shall assess each proposal individually. In determining its position, SSH shall take account of:

- the company's adopted dividend policy;
- the company's development plans and the level of investment activity;
- the amount of retained earnings from previous years;
- tax considerations;
- capital adequacy requirements;
- conditions in the industry in which the company operates;
- the need to mitigate the impact of crisis events;

- the Annual Asset Management Plan; and
- other factors.

Where a company has no dividend policy, or SSH disagrees with its existing policy, SSH shall take as its starting point that approximately half of the net profit reported for the relevant financial year by the company or, in the case of a group, by the group should be allocated to dividends. Circumstances that may justify a departure from this approach include the availability or absence of investment opportunities, tax restrictions preventing dividend payments, the unjustified retention of profits not required for the company's further development, an inappropriate capital structure and similar factors.

Article 52

(Formation of other revenue reserves)

SSH shall support resolutions under which distributable profit remains unappropriated, apart from the portion allocated to dividends, unless the company's management specifically justifies why it is necessary to allocate that profit to other revenue reserves or use it for other purposes in accordance with Article 230 of ZGD-1.

Article 53

(Distribution of the company's non-cash assets)

SSH shall agree to a distribution of distributable profit using the company's non-cash assets rather than cash where, acting as a conscientious and honest businessperson, it considers such a distribution appropriate. Where the assets distributed consist of shares or other equity interests, SSH shall also consider the potential implications of the distribution under takeover legislation and merger control rules.

Article 54

(Challenges to profit distribution resolutions)

SSH shall normally challenge a general meeting resolution on the appropriation of distributable profit in accordance with Article 399 of ZGD-1 if it contravenes the law or the company's Articles of Association. SSH shall also normally challenge a resolution under which shareholders receive a profit distribution of less than 4% of the share capital where, in the judgement of a prudent businessperson, withholding that minimum distribution was not necessary in light of the company's operating circumstances.

17.4. GUIDELINES FOR AMENDMENTS TO ARTICLES OF ASSOCIATION

Article 55

(Amendments to Articles of Association)

SSH shall seek amendments to SOEs' Articles of Association to align them with the Code and SSH Recommendations and Expectations, unless departures from those documents are appropriate and justified in individual cases.

SSH shall seek to ensure that the Articles of Association specify the optimal number of members of each management and supervisory body, taking account of the complexity of the company's operations and its other characteristics, so that each body can work effectively and to a high standard.

Where a company's Articles of Association do not yet clearly define its objectives, SSH shall seek amendments to ensure that those objectives are stated clearly and precisely.

SSH shall give particular attention to removing provisions that permit the unjustified transfer of responsibility for management decisions to the general meeting or founder.

SSH shall ensure that relevant provisions of single-member companies' Articles of Association are harmonised with regard to the allocation of powers and responsibilities among company bodies. It shall also harmonise provisions on certain other matters where these are not yet adequately regulated.

17.5. REMUNERATION POLICY FOR MANAGEMENT AND SUPERVISORY BODIES AND RELATED DISCLOSURES

Article 56

(Remuneration of supervisory body members)

SSH shall vote in favour of resolutions on the remuneration of supervisory body members, provided that the remuneration complies with the law, the Code and SSH Recommendations and Expectations, together with any supervisory body remuneration policies adopted by the company in accordance with those instruments.

Article 57

(Remuneration policies for management bodies)

SSH shall vote at general meetings in favour of approving management body remuneration policies that comply with the relevant recommendations in SSH Recommendations and Expectations.

Article 58

(Disclosure of management body remuneration policies and amendments for companies managed by SSH and their subsidiaries)

This Article and the following Article shall apply to SOEs where the general meeting or founder has neither adopted the management body remuneration policy nor voted on its approval, and the policy has instead been adopted by the supervisory body, either in a single instrument or in several substantively related instruments.

SSH shall seek to ensure that the companies referred to in Paragraph 1 of this Article disclose to the general meeting or founder their own management body remuneration policies and any amendments, as well as the corresponding policies and amendments adopted by their subsidiaries.

Disclosure of these policies or amendments should be a separate agenda item or form part of the item concerning the company's or group's annual report. The title of the agenda item should clearly indicate that it includes this disclosure. When the general meeting is convened, the relevant agenda item should be accompanied by an adequate explanation and the relevant supporting documents. The general meeting shall adopt a resolution taking note of the information disclosed.

Article 59

(Review of remuneration policies every four years)

SSH shall seek to ensure that the complete management body remuneration policies of the company and its subsidiaries are presented to the general meeting or founder every four years, regardless of whether they have been updated or amended.

17.6. DISCLOSURE OF REMUNERATION ACTUALLY PAID

Article 60

(Disclosure of Remuneration of Supervisory Bodies)

SSH shall seek to ensure that companies include an item on the general meeting agenda concerning disclosure of the remuneration actually earned or paid to supervisory body members, unless this information is already adequately disclosed in the company's annual report.

Article 61

(Disclosure of management body members' remuneration)

SSH shall seek to ensure that companies inform the general meeting or founder of the remuneration actually earned or paid to management body members, both in the company itself and in its subsidiaries. Disclosure shall cover at least the information specified in the relevant appendix to the Code. SSH shall also seek to ensure that the following additional information is disclosed, unless it is already adequately included in the company's annual report:

- The gross basic monthly or annual remuneration agreed in the contract with the management body member.
- The average gross salary paid in group companies[5], or, where there is no group, in the company, [6] for the preceding financial year. This means the year before the year to which the disclosed management body remuneration relates.
- The gross amount of the entitlement to variable remuneration awarded for the preceding financial year. [7]
- Other contractual rights for the preceding year, presented by category and by individual right, in accordance with the relevant SSH recommendations in the applicable SSH Recommendations and Expectations. The disclosure shall normally specify the nature of each right and the maximum amount or value permitted under the contract.
- The contractual severance payment in the event of early termination of office and the conditions for entitlement to that payment.
- Any remuneration received by management body members for positions held in subsidiaries or affiliated companies within the group, specifying the positions and gross amounts for each company separately.

Article 62

(Remuneration disclosures by public and certain non-public joint-stock companies)

Public joint-stock companies, and non-public joint-stock companies whose general meetings have resolved that Article 294b of ZGD-1 shall also apply to them, shall prepare a report on the remuneration of management and supervisory body members in accordance with that Article. The report shall be audited and submitted to the general meeting in the same manner as the annual report. Reporting on remuneration actually paid to management and supervisory body members of these companies shall, in all cases, also comply with the relevant appendix to the Code.

5 The group's average gross salary shall be calculated by taking the total gross salary costs of all group companies (the "salary costs" line in the income statement), deducting the salary costs of companies registered outside the Republic of Slovenia, and dividing the resulting amount by the number of months for which the group operated. That amount shall then be divided by the total average number of employees, calculated on the basis of hours worked, in all group companies registered in the Republic of Slovenia. Group companies comprise the parent company and its subsidiaries as defined in Paragraph 2 of Article 56 of ZGD-1, regardless of whether a consolidated annual report is prepared for the group. The average salary in the parent company shall not be taken into account when calculating the average salary in a subsidiary.

6 The company's average gross salary shall be calculated by dividing its total gross salary costs (the "salary costs" line in the income statement) by the number of months for which it operated. The resulting amount shall then be divided by the company's total average number of employees, calculated on the basis of hours worked.

7 The relevant appendix to the Code shows variable remuneration actually paid in the year concerned, including deferred payments relating to earlier years. This additional disclosure concerns the remuneration actually awarded for the year concerned.

Companies shall additionally provide the general meeting with the information specified in the preceding Article, unless it is already adequately disclosed in the company's annual report. Inclusion in the supporting documents for an agenda item presented for information shall suffice.

17.7. OTHER GENERAL MEETING MATTERS

Article 63

(Acquisition of own shares authorised by the general meeting in accordance with the Article 247, Indent 8 of ZGD-1)

SSH shall assess proposals for companies to acquire their own shares on a case-by-case basis and determine its position at the general meeting accordingly.

For a proposed general meeting resolution authorising the management board to purchase the company's own shares in accordance with Article 247, Indent 8 of ZGD-1, SSH shall check whether the resolution specifies:

- the duration of the authorisation;
- the proportion of shares that the management board may acquire under the authorisation, taking account of any own shares already held by the company;
- the minimum and maximum purchase prices;
- the purposes of the acquisition;
- the reasons for excluding existing shareholders' pre-emption rights, where applicable;
- the other elements required by Article 247 of ZGD-1.

SSH shall decide whether to support the resolution following a substantive assessment of its terms.

SSH shall examine the ownership structure of companies that already hold own shares, focusing on identifying related persons, given the possibility that their aggregate holdings may exceed the threshold of 10% of share capital.

Article 64

(Position on a one-tier governance system)

SSH shall support the introduction of a one-tier governance system only where there are justified grounds for doing so and the change is expected to improve the company's business performance and, consequently, increase the value of the State's capital assets in that company.

Article 65

(Position on audits)

SSH shall check whether the audit firm proposed to audit a company's financial statements has audited that company continuously for nine years or more since its first appointment. Where the audit firm has served continuously for nine years or more since its first appointment, SSH shall vote against its reappointment.

For companies whose financial statements are subject to mandatory audit, SSH shall support the appointment of an audit firm for a period of at least three years. Where justified in individual cases, SSH shall propose special audits of particular transactions or extraordinary audits.

Article 66

(Employee participation in company profits)

SSH shall support provisions in Articles of Association that permit the appropriation of distributable profit for payments to employees. Where a company meets SSH's expectations as set out in the adopted Annual Asset Management Plan, SSH shall normally not oppose general meeting resolutions allocating distributable profit to payments to employees, or proposals to enter into employee profit-sharing agreements, provided that these are adopted and implemented in accordance with the Employee Participation in Profit Sharing Act (ZUDDob).

Article 67

(Discharge)

When deciding whether to grant discharge, SSH shall take account of the recommendations set out in SSH Recommendations and Expectations.

Article 68

(Other entitlements of SSH)

SSH may also exercise any other rights arising from shares or other equity interests in connection with a company's general meeting. These include requesting special or extraordinary audits, challenging general meeting resolutions, bringing claims for damages, requesting information and exercising other such rights.

Article 69

(Authority of the SSH Management Board to adopt additional voting guidelines)

Notwithstanding the general provisions on SSH's voting at company general meetings set out in this Chapter, the SSH Management Board may, by resolution, adopt additional guidelines for SSH to follow when exercising its voting entitlements, where special circumstances warrant such guidelines or where they apply only for a limited period. SSH shall publish these guidelines on its website.

17.8. PARTICIPATION OF KAD

Article 70

(Exercise of voting rights on behalf of and for the account of KAD)

Where KAD holds capital assets in an SOE alongside SSH and/or the Republic of Slovenia, SSH shall also exercise KAD's voting rights at general meetings on behalf of and for the account of KAD, in accordance with Article 53, Paragraph 4 of ZSDH-1.

SSH shall coordinate its voting positions with KAD, taking into account KAD's particular characteristics and the purpose for which it was established. If their voting positions cannot be aligned, SSH shall exercise KAD's voting rights at its own discretion.

17.9. DISCLOSURES CONCERNING GENERAL MEETINGS AND RESOLUTIONS ADOPTED AS FOUNDER

Article 71

(Public disclosure of SSH's actions at general meetings and resolutions adopted as founder)

In accordance with Article 66 of ZSDH-1, SSH shall publicly disclose its actions at each general meeting at which it exercises voting entitlements, as part of its report on the meeting's proceedings. SSH shall also disclose resolutions it adopts as founder.

Disclosures shall be published on SSH's website within two working days after the general meeting or, depending on the circumstances, within two days after the authorised representative is able to provide the complete documentation.

Each disclosure shall clearly identify the company, the date of the general meeting, the agenda, and whether and how SSH voted on the proposed resolutions. Each disclosure shall also include a statement confirming that SSH's actions at the general meeting or in its capacity as founder complied with ZSDH-1 and the asset management instruments.

Article 72

(Exception to disclosure for single-member limited liability companies)

By way of exception, SSH's actions as founder of a single-member limited liability company shall not be disclosed, or shall be disclosed only in part, where the content of an adopted resolution constitutes a trade secret and its disclosure could cause irreparable harm to the company. In such cases, SSH shall publish only those resolutions, or parts of resolutions, that do not require protection as trade secrets, together with a statement confirming that its actions complied with applicable regulations, ZSDH-1 and the asset management instruments.

Article 73

(Disclosure of non-attendance)

By the 15th of each month, SSH shall prepare and publish on its website a list of general meetings of SOEs held during the preceding month that it did not attend, together with the reasons for non-attendance. In the cases specified in Article 40, Paragraph 3 of this Asset Management Policy, SSH shall instead publish a single explanation of the general management approach applied.

18. NOMINATION COMMITTEE AND CANDIDACY PROCEDURES

18.1. NOMINATION COMMITTEE

Article 74

(Status and duties of the Nomination Committee)

The Nomination Committee (NC) is a mandatory advisory body to the SSH Management Board. Its members shall be appointed by the SSH Management Board for a four-year term in accordance with ZSDH-1 and this Asset Management Policy. The Nomination Committee shall operate in accordance with its Rules of Procedure.

The Nomination Committee shall conduct the candidate selection procedure, which comprises the accreditation and nomination procedures.

The Nomination Committee shall perform its duties autonomously and impartially.

The SSH Management Board shall enter into a contract with each Nomination Committee member governing the performance of their duties. The contract shall require the member to comply with SSH's adopted rules governing the Committee's work and shall set out their remuneration. Each contract shall also require the member to act autonomously, impartially and professionally, solely for the benefit and in the interests of SSH and the Republic of Slovenia.

Article 75

(Composition of the Nomination Committee)

The Nomination Committee shall consist of three members.

Its members shall collectively have expertise in at least the following areas: corporate governance, human resource management and the functioning of supervisory bodies.

One member may be appointed from among SSH's employees (an internal member). The other two members shall be external members.

Article 76

(Requirements and criteria for Nomination Committee membership)

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

- corporate governance,
- human resource management, or
- the functioning of supervisory bodies.

Each Nomination Committee member shall meet all the following requirements and criteria:

- have at least six years' work experience in the professional field for which they are appointed to the Committee or, where appointed for their expertise in the functioning of supervisory bodies, have served for at least six years as a supervisory body member of a medium-sized or large company;

- hold at least a level VII university qualification, at least a second-cycle Bologna qualification, or a qualification recognised as equivalent to a second-cycle qualification under the legislation governing higher education; qualifications obtained through study programmes abroad and duly recognised in the Republic of Slovenia shall also be accepted;
- demonstrates personal integrity;
- be independent;
- not be a member of a political party body;
- not be a member of the SSH Management Board or Supervisory Board;
- not be a member of a management or supervisory body, or an employee, of a company in which SSH manages a capital asset;
- have a record of achievement and a professional reputation that demonstrate their expertise in the field they represent on the Committee;
- not have been convicted by a final judgment of a criminal offence prosecuted ex officio, nor have been the subject of a final indictment for a criminal offence prosecuted ex officio or an offence against the economy, employment relations and social security, legal transactions, property, the environment, space or natural resources; and
- have sufficient time available to perform their duties.

Article 77

(Procedure for appointing Nomination Committee members)

The appointment procedure for Nomination Committee members shall be objective and transparent. External members shall be selected through a public call for applications, allowing at least 14 days for applications to be submitted. The call shall be published on SSH's website and additionally publicised by notifying the media outlets and journalists on SSH's distribution list. Where an internal member is appointed, the SSH Management Board shall select that member from among SSH's employees. The call for applications may specify additional requirements and criteria beyond those set out in the preceding Article.

The SSH Management Board shall appoint members of the Nomination Committee for a four-year term. The SSH Management Board shall publish a notice on the appointment procedure for Nomination Committee members on SSH's website.

The SSH Management Board may remove a Nomination Committee member from office if the member no longer meets the appointment requirements and criteria, is unable to perform their duties, fails to perform them professionally or with due care, or commits a serious breach of their obligations. The removal decision and the reasons for it shall be published on SSH's website.

Article 78

(Binding effect of Nomination Committee nominations on the SSH Management Board)

The SSH Management Board shall be bound by the Nomination Committee's nominations. This means that SSH may support a candidate's appointment to a supervisory or management body of an SOE through the asset management actions available to it only if the candidate has successfully completed the accreditation and nomination procedures.

The exception permitted by Article 48, Paragraph 5 of ZSDH-1 is set out in greater detail in Section 18.3 of this Asset Management Policy.

18.2. CANDIDACY PROCEDURE

18.2.1. General provisions on the candidacy procedure

Article 79

(Definition and stages of the candidacy procedure)

The candidacy procedure comprises all actions undertaken to provide the SSH Management Board with an opinion on the suitability of candidates for membership of the supervisory bodies of SOEs. It shall always consist of the following stages:

Phase 1: the accreditation procedure, and

Phase 2: the nomination procedure.

In carrying out individual actions within the candidacy procedure, the Nomination Committee shall be assisted by its Secretary, appointed by the SSH Management Board, or by other authorised professional staff employed by SSH.

Article 80

(Objectives of the candidacy procedure)

The objectives of the candidacy procedure are to:

- ensure that candidates for membership of the supervisory bodies of SOEs meet the prescribed conditions and criteria, and select the most suitable candidates;
- ensure a consistently regulated, objective and transparent candidacy procedure that provides for the traceability of actions and decisions at each stage;
- improve the effectiveness of the supervisory bodies of SOEs;
- indirectly improve the governance and operations of SOEs and ensure their responsible conduct; and
- develop and implement systemic corporate governance solutions in accordance with OECD principles.

Article 81

(Fulfilment of the conditions and criteria for accreditation, evaluation and assessment of candidates' suitability)

SSH shall adopt a separate instrument governing the assessment of potential candidates for membership of the supervisory and management bodies of SOEs. This instrument shall set out detailed conditions, criteria and procedures for evaluating and assessing the suitability of potential candidates in accordance with the provisions of ZSDH-1 and this Asset Management Policy.

The instrument shall also set out detailed provisions on specific aspects of the candidacy procedure that must be taken into account when assessing candidates, including requirements arising from sector-specific legislation, such as the Energy Act, the Banking Act and the Insurance Act. In such cases, the Nomination Committee shall, to the extent possible, also verify compliance with the requirements of that legislation or, as part of its assessment in the nomination report, include any information obtained on verification procedures already conducted in the area governed by that legislation. These may include verification by the Insurance Supervision Agency, an opinion issued by the Bank of Slovenia or fit and proper assessments already carried out within the companies concerned.

When verifying whether an individual potential candidate meets the conditions and assessing whether they meet the criteria, the Nomination Committee shall take into account the statements and supporting evidence provided in the candidate's application, the statements made and impression given by the candidate during the interview, and any other facts or evidence that are generally known or that the Nomination Committee has established from publicly available information.

The Nomination Committee shall prepare a written nomination report for each candidate, including an assessment of the candidate's suitability.

The Nomination Committee may at any time consult SSH's professional services or its Chief Compliance and Integrity Officer to resolve contentious issues.

18.2.2. Recruitment procedure

Article 82

(Recruitment procedure)

The SSH Management Board may invite potential candidates for membership of a supervisory body to enter the accreditation procedure through various channels, including general invitations, public calls for applications and personal invitations. A record shall be maintained identifying the recruitment channel through which each candidate entered the procedure.

The following additional activities shall be undertaken to attract potential candidates for membership of the supervisory bodies of SOEs:

- At least once a year, SSH shall submit a written request to the representative associations of which it is a member (GZS, ZDS and others), asking them to inform their members of opportunities to enter the recruitment procedure.
- At least once a year, the SSH Management Board shall encourage SSH employees in writing to register in the records of accredited candidates.
- Where specific expertise is required, the SSH Management Board may, at its discretion, issue a targeted public call to all interested candidates. The call shall be published on the SSH website and circulated to the contacts on its distribution list.

Article 83

(Submission of applications)

Potential candidates may apply only electronically.

Applications for accreditation, together with all required supporting evidence demonstrating that the conditions have been met, shall be submitted electronically through the Nomination Committee Portal (https://kk.sdh.si/).

18.2.3. Accreditation procedure

Article 84

(Accreditation procedure)

The accreditation procedure precedes the nomination procedure and is based on electronic applications submitted by potential candidates through the Nomination Committee Portal.

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

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

- meet the statutory requirements for membership of the supervisory and management bodies of SOEs, as specified for accreditation purposes in the internal instrument governing the assessment of potential candidates for membership of those bodies; and
- meet the additional accreditation requirements set out in that instrument.

The accreditation procedure also serves to assign candidates to accreditation categories reflecting the different levels of corporate governance complexity for which they are considered suitable, based on the competencies assessed or demonstrated during the procedure. Details of the accreditation categories and the criteria applicable to each shall be set out in the internal instrument referred to above.

A candidate shall be accredited if the information and supporting evidence provided in their application demonstrate that they meet the statutory requirements for membership of a supervisory body and the additional accreditation requirements prescribed by that internal instrument.

The accreditation procedure shall conclude with a decision to grant or refuse accreditation and the assignment of the candidate to an accreditation category in accordance with the internal instrument.

Accredited candidates shall be entered in the records of accredited potential candidates for membership of the supervisory bodies of SOEs, together with their assigned accreditation category. These records shall be maintained in accordance with statutory provisions on personal data protection. The records of accredited potential candidates shall serve as a general source from which the SSH Management Board and the Nomination Committee select potential candidates to proceed to the nomination procedure. SSH shall also maintain a separate list of individuals whose accreditation has been refused or revoked.

If an accredited candidate is subsequently found no longer to meet the statutory requirements or the additional accreditation requirements, their accreditation shall be revoked.

Potential candidates shall be notified of the granting, refusal or revocation of accreditation at the email address provided in their electronic application.

Detailed procedural rules for accreditation shall be set out in the internal instrument governing the work of the Nomination Committee.

A candidate's accreditation shall be valid for three years from the date on which it is confirmed.

At any time after one year has elapsed since accreditation was granted or renewed, a candidate shall be entitled to request that the Nomination Committee assess whether they meet the requirements for placement in a higher accreditation category, provided that they submit the appropriate supplementary information through the Nomination Committee Portal.

18.2.4. Nomination procedure

Article 85

(Purpose of the nomination procedure)

The purpose of the nomination procedure is to assess whether candidates meet the statutory requirements and criteria and those set out in the internal instrument governing the assessment of potential candidates for membership of the supervisory and management bodies of SOEs. The assessment shall determine their suitability to serve as members of the supervisory body of a specific company, taking into account that company's particular characteristics and needs.

Based on a nomination order issued by the SSH Management Board, the Nomination Committee shall also carry out the nomination procedure for members of the management bodies of companies that have no supervisory body, applying the same procedure as for candidates for membership of companies' supervisory bodies.

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

Article 86

(Nomination procedure, additions to the procedure and inclusion of potential candidates)

A nomination procedure shall be initiated before SSH proposes or votes on candidates for membership of the supervisory body of a specific company.

The SSH Management Board or an individual member of that Board shall commission the nomination procedure using a standardised form (the nomination order). On the form, the SSH Management Board shall also define the desired profile for a member of the supervisory body of the specific company and propose potential candidates for inclusion in the candidacy procedure. These candidates must substantially match the desired profile. A target accreditation category shall also be specified, reflecting the complexity of the corporate governance system in the company concerned. The nominated candidate must meet the requirements of that category. The internal instrument may specify additional considerations to be taken into account when including candidates in the nomination procedure and assessing their suitability.

As a rule, the period allowed for completing a nomination order shall be at least three working days.

The SSH Management Board or its members may include in the nomination procedure only those candidates who are accredited, entered in the relevant records of accredited potential candidates and assigned to an accreditation category appropriate to the level of corporate governance complexity in the company concerned. The SSH Management Board may instruct the Nomination Committee to include additional candidates from the database of accredited potential candidates in the nomination procedure.

The Nomination Committee may also, on its own initiative and based on its professional judgement, include additional potential candidates in the nomination procedure without a nomination order from the SSH Management Board. In doing so, it shall observe the profiles specified in advance in the nomination order and the additional considerations set out in the internal instrument referred to above.

The SSH Management Board shall define the desired profile, specifying the experience, knowledge and competencies required, on the basis of (i) the provisions of ZSDH-1, (ii) the Asset Management Policy and (iii) the internal instrument governing the assessment of potential candidates for membership of the supervisory and management bodies of SOEs. In doing so, it shall also take into account any competency profiles for supervisory bodies and diversity policies drawn up by the companies, any other relevant instruments and any particular circumstances relating to the company concerned.

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

- when regular appointments are made following the expiry of the terms of office of supervisory body members;
- when supervisory body members are replaced following their resignation or the early termination of their terms of office for other reasons;
- when SSH has reasonable grounds to consider replacement necessary because of established incompetence, poor performance, loss of confidence, circumstances that could give rise to a permanent conflict of interest affecting a supervisory body member that cannot be managed through appropriate recusal measures, or other justified reasons.

The SSH Management Board may supplement the nomination procedure at any time by issuing one or more additional nomination orders to the Nomination Committee, proposing additional potential candidates for inclusion in the candidacy procedure.

Article 87

(Criteria for assessing and evaluating suitability)

The conditions for assessing and evaluating suitability shall be set out in the internal instrument referred to above and framed so as to enable the Nomination Committee to conduct a comprehensive assessment of the candidate's suitability and classification in an accreditation category. In doing so, the Nomination Committee shall assess all relevant circumstances relating to the potential candidate, including their competencies and other skills. The Nomination Committee shall conduct a structured interview with the candidate.

Article 88

(Steps in the nomination procedure)

The nomination procedure shall comprise the following steps:

- determining the target mix of competencies required of the member or members of the supervisory body of a specific company;
- including potential candidates in the nomination procedure for a specific company and preparing a nomination order for the Nomination Committee;
- obtaining the candidate's consent to nomination to a specific company;
- verifying that the required conditions are met;
- conducting a structured interview with the candidate;
- assessing and determining the suitability of candidates against the target profile and other criteria;
- preparing a nomination report for each candidate, setting out the reasons for the suitability assessment.

Article 89

(Assessment of potential candidates' suitability)

During the nomination procedure, the Nomination Committee shall verify whether the potential candidate meets the statutory and other requirements and criteria for membership of the supervisory body of a specific company, in accordance with the internal instrument referred to above. The Nomination Committee shall assess as unsuitable those candidates who do not meet these requirements.

Article 90

(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 explanation shall clearly set out the assessment of the candidate's suitability and the reasons supporting it.

The Nomination Committee may assess candidates as suitable or unsuitable. Where the Nomination Committee assesses the suitability of several candidates with identical or comparable professional competencies, it shall also conduct a comparative evaluation, identifying which candidate it considers more suitable than the others and explaining the criteria on which its opinion is based.

Where the Nomination Committee assesses several candidates as suitable, the SSH Management Board, at its discretion and with the required diligence, shall select a number of candidates corresponding to the vacancies in the supervisory body of the SOE concerned. In exceptional cases, where justified by the circumstances, the SSH Management Board may select more than one candidate for a particular vacancy, to allow candidates to be proposed as successive alternatives in the election proposal.

When deciding which candidates to propose or appoint, the SSH Management Board shall, as far as possible, ensure that the final composition of the supervisory body meets the competency and other requirements applicable to that body.

Article 91

(Voting on candidates)

SSH may propose candidates or vote in favour of candidates proposed by companies' supervisory bodies, other shareholders or company members, provided that the candidacy procedure for those candidates has been conducted in accordance with this Asset Management Policy and the internal instrument referred to above, and that the candidates have been assessed as suitable. Otherwise, SSH shall vote against such election proposals.

SSH shall also not vote in favour of candidates for membership of supervisory bodies who already serve on a management body of a company in which SSH holds a majority interest or exercises a dominant influence. The incompatibility provided for in Article 21 of ZSDH-1 applies both to members of management bodies of SOEs in which SSH directly holds a majority interest or exercises a dominant influence and to members of management bodies of companies in which SSH indirectly holds a majority interest or exercises a dominant influence.

Article 92

(Records of supervisory body members)

SSH's professional services shall maintain records of members of the supervisory bodies of SOEs, including information on their terms of office, activities and other matters specified in the internal instrument governing the assessment of potential candidates for membership of the supervisory and management bodies of SOEs. All regulations and internal instruments relating to personal data protection shall be observed when maintaining these records.

18.3. Candidate selection by independent decision of the SSH Management Board

Article 93

(Extraordinary candidacy procedure)

In exceptional cases, subject to the conditions set out in Paragraph 5 of Article 48 of ZSDH-1, the SSH Management Board may vote for a candidate at a company's general meeting, propose a candidate for election or appoint a candidate who has not been accredited or nominated and assessed as suitable by the Nomination Committee.

The extraordinary candidacy procedure shall always comprise the following procedures:

- the extraordinary recruitment procedure; and
- the evaluation of the candidate's suitability.

Article 94

(Conditions for conducting the extraordinary candidacy procedure)

The extraordinary candidacy procedure may be conducted:

- where, in the reasoned assessment of the SSH Management Board, the candidates nominated by the Nomination Committee are not the most suitable, or the SSH Management Board considers that more suitable candidates could be found; or
- where justified by the particular circumstances of the case. These may include, for example, a situation in which the absence of Nomination Committee members prevents the procedure from being completed in time, while SSH is required, as part of a sale process, to take certain steps relating to the appointment of new supervisory board members before a controlling interest is transferred to the purchaser.

The SSH Management Board's reasoned assessment supporting the use of the extraordinary candidacy procedure shall be documented in writing.

Article 95

(Extraordinary recruitment procedure)

The extraordinary recruitment procedure precedes the procedure for evaluating the candidate's suitability.

Article 96

(Extraordinary recruitment channel)

The extraordinary recruitment channel consists of an invitation by the SSH Management Board to a potential candidate to participate in the extraordinary candidacy procedure. The invitation may be written or oral. If the invitation is oral, an official note shall be prepared, recording when, how and where the invitation was issued.

The official note shall indicate whether the SSH Management Board decided to invite the person on its own initiative or at another person's suggestion. In the latter case, the person who made the suggestion shall be identified. Where the SSH Management Board acted on its own initiative, the note shall state how it knows of the potential candidate. The official note shall also identify which condition for conducting the extraordinary candidacy procedure under Article 94 has been met and provide a brief explanation.

The reasons why that particular person has been invited to participate in the recruitment procedure shall also be recorded in the official note.

The SSH Management Board may, at its discretion, include in the extraordinary candidacy procedure a potential candidate who has been accredited by the Nomination Committee.

Article 97

(Evaluation procedure)

A potential candidate in the extraordinary candidacy procedure shall submit an application containing all the information and supporting documents required in the regular candidacy procedure (a standardised application).

The procedure for evaluating the candidate's suitability shall comprise:

- determining the optimal target profile for the member or members of the supervisory board of a specific company;
- where necessary, inviting the potential candidate to supplement their application in light of the specific requirements to be verified during the evaluation procedure;
- the potential candidate supplementing their application and giving consent to the evaluation;
- verifying whether potential candidates meet the prescribed requirements and excluding those who do not;
- as a rule, conducting a structured interview with the candidate;
- evaluating and determining the candidate's suitability against the prescribed target profile and other criteria;
- preparing a report setting out the reasons for the assessment.

The procedural rules governing the nomination procedure shall apply, with the necessary adjustments, to the procedure for evaluating the candidate's suitability.

The evaluation report shall also include an assessment of the candidate's suitability. Where the extraordinary candidacy procedure is conducted on the grounds that more suitable candidates are sought, the report shall also explain why the candidates proposed for selection through that procedure are more suitable than those nominated and assessed as suitable by the Nomination Committee.

If SSH proposes or appoints candidates under the extraordinary candidacy procedure, it shall disclose those decisions to the SSH Supervisory Board, including the conditions and criteria on the basis of which the proposed candidates were considered more suitable than those nominated by the Nomination Committee.

19. COMMON PROVISIONS ON ASSET SALES

19.1. GENERAL PROVISIONS

Article 98

(Transparency in buyer selection)

When selling an asset, SSH shall select the buyer transparently, following the procedure prescribed by this Asset Management Policy.

Article 99

(Equal treatment of participants in sale procedures)

SSH shall treat all participants in asset sale procedures equally where they are in the same circumstances. It shall ensure that there are no unjustified differences in treatment, particularly discrimination based on location, the subject matter or personal circumstances.

SSH may make participation in a sale procedure or access to detailed information about the asset conditional on prospective buyers demonstrating that their interest is serious and providing safeguards for confidentiality.

Article 100

(Priority of public sale methods)

SSH shall sell assets only through one of the public sale methods, or a combination of those methods, in accordance with this Chapter, unless this Asset Management Policy expressly permits a sale by direct contract.

Article 101

(Disposal for consideration)

SSH may dispose of assets only for consideration.

Article 102

(Information for interested parties)

SSH shall publish basic information about the asset to be disposed of and the terms and procedure for disposal, enabling interested parties to decide whether to participate. The published information shall not be misleading.

Persons holding pre-emption rights or prospective buyers may also be notified individually of the launch of a public sale procedure.

Article 103

(Sale on a “sold as seen” basis)

SSH shall warrant that the asset will be transferred to the buyer free of encumbrances. Unless expressly agreed otherwise in the contract, SSH shall not be liable for the enforceability of rights arising from the asset, the recoverability of amounts due under those rights or the asset’s profitability.

Unless otherwise prescribed by law or specifically agreed in the contract, the buyer shall not be entitled to rely on material defects of which they were aware, or ought to have been aware, from publicly available information about the asset or information disclosed by SSH, taking account of the due care required when entering into contracts of this kind.

Article 104

(Combined sale procedures for different types of assets)

Where SSH holds both capital assets in a company and a claim against it, it shall normally offer both for sale at the same time through a single sale procedure. The same approach shall apply where SSH holds a claim secured by a mortgage over part of a property and also owns all or part of the remainder of that property.

Article 105

(Mandatory use of Slovenian)

In asset sale procedures, contracts with direct economic implications for SSH or the Republic of Slovenia shall be concluded in Slovenian. Where the legal relationship has an international element, the contract may also be concluded in a foreign language in addition to Slovenian.

19.2. DURATION OF THE ASSET SALE PROCEDURE

Article 106

(Commencement of the procedure)

An asset sale procedure shall commence with a resolution of the SSH Management Board or another competent body. The resolution initiating the procedure shall be based on the asset management plan referred to in Article 21 of this Asset Management Policy.

Article 107

(Conclusion of the procedure)

An asset sale procedure shall end:

- when the asset that is the subject of the transaction is transferred to the buyer;
- when the SSH Management Board or another competent decision-making body resolves to discontinue the procedure without a sale; or
- on other grounds provided for by applicable regulations.

Article 108

(Post-sale activities)

Following the conclusion of a contract for the sale of an asset, SSH shall take all necessary steps to transfer the asset to the buyer lawfully and in accordance with the agreed terms.

SSH shall actively monitor the buyer's fulfilment of the obligations agreed in the sale contract, including any non-financial obligations. SSH shall also actively monitor fulfilment of its own obligations or those of the Republic of Slovenia under that contract. SSH shall take appropriate action if it identifies any breach or uncertainty.

Article 109

(Sale documentation and retention of records)

SSH's internal regulations shall specify how business events relating to asset sales are to be documented and how the documentation is to be retained.

19.3. METHODS FOR THE PUBLIC SALE OF ASSETS

Article 110

(Sale methods and their combinations)

An asset may be sold using one of the following methods or a combination of them:

- a **public offer**: a public invitation to purchase, addressed to an unspecified or identifiable group of persons, on terms published in advance and containing all essential terms of the contract;
- a **public auction**: a public sale on terms published in advance, in which the purchase contract is concluded with the bidder who meets the conditions and offers the highest price above the starting price; or
- a **public call for tenders**: an invitation addressed to an unspecified or identifiable group of persons to submit bids to purchase specified assets on the published terms.

Article 111

(Public offering of shares)

Capital assets held in a joint-stock company may also be sold through an offer of securities to the public in accordance with ZTFI.

Article 112

(Public offer)

Where an asset is sold by public offer, SSH shall follow the rule that the sale contract is concluded with the first person who accepts the offer and meets all the conditions published in advance. The wording of the public offer, including the purchase conditions, shall be approved by the SSH Management Board or another competent body. Where SSH's Articles of Association require Supervisory Board approval for the sale of the asset concerned, that approval shall be obtained before the public offer is published. Alternatively, the terms of the public offer shall clearly specify that obtaining Supervisory Board approval is a condition precedent.

In a sale by public offer, the contract shall be concluded upon acceptance of the offer, provided that acceptance complies with the published terms. Contracts shall be concluded in order of acceptance. Where acceptances rank equally, the quantity offered shall be allocated proportionately, where possible. Otherwise, allocation shall be determined by a draw conducted by a committee appointed specifically for that purpose, which shall prepare a record of the draw.

SSH may specify and publish in advance the conditions that a person accepting the offer must meet to participate in the procedure and conclude the asset purchase contract. However, SSH shall not reserve the right to withdraw the offer once it has been accepted or to cancel the procedure without specifically justified grounds that it could not have foreseen when publishing the offer. Nor shall SSH make conclusion of the contract conditional on its own subsequent decision or approval where the person accepting the offer otherwise meets all the required conditions.

Article 113

(Public call for tenders)

Following the deadline for submission, bids shall be opened by the team conducting the sale procedure or by a committee or group of at least three persons appointed specifically for that purpose. Such a committee or group shall normally comprise SSH employees. A record of the bid opening shall be prepared, setting out whether the bids meet the formal requirements and identifying their essential terms. Bids may be opened with or without public attendance.

SSH shall not open any bid before the deadline specified in the public invitation to tender. Bids received after that deadline shall not be considered or assessed.

The text of the invitation to submit bids, together with the conditions of purchase, shall be approved by the SSH Management Board or another authorised person. Where SSH's Articles of Association require Supervisory Board approval for the sale of the asset concerned, the invitation may make subsequent approval by the SSH Supervisory Board a condition for concluding the contract.

Negotiations to improve the financial and other terms of sale may take place in accordance with the published conditions only after binding bids have been received. The SSH Management Board or another authorised person shall decide, by resolution, which bidders will be invited to negotiate. The resolution shall also appoint the person or team that will negotiate on SSH's behalf. The SSH Management Board or another authorised person shall issue documented guidance and instructions on SSH's negotiating positions.

Where appropriate in the circumstances, SSH may at any time ask a bidder to improve its bid, for example by increasing the price or extending the bid's validity period. SSH shall expressly inform the bidder that the request does not constitute rejection of the bid.

A separate resolution of the SSH Management Board or another authorised person shall be required to reject all bids, make a counter-offer or allow the period during which a bid remains binding to expire.

The period for submitting bids shall allow sufficient time for the widest possible range of prospective buyers to participate.

Article 114

(Public auction)

A public auction shall normally be conducted as an electronic auction (e-auction).

The invitation to participate, including the auction rules and participation conditions, shall be approved by the SSH Management Board or another authorised person. If the SSH's Articles of Association require Supervisory Board approval for the sale, that approval shall be obtained before the invitation to participate in the auction is published.

In the auction rules published in advance, SSH may specify the conditions that bidders must meet to participate and enter into the asset purchase contract. However, SSH shall not reserve the right to cancel the auction after bidding has taken place or to annul it without compelling reasons that it could not have foreseen. Where the highest bid exceeds the starting price and the bidder meets all the required conditions, SSH shall not make conclusion of the contract subject to any further decision or approval of its own.

The final paragraph of the preceding Article shall apply, with the necessary adjustments, to the period between publication of the invitation to participate and the auction itself.

Article 115

(Security deposit and bank guarantee)

As a condition of participation in a public call for tenders or a public auction, SSH may require bidders to pay a specified sum as a security deposit or provide an irrevocable bank guarantee in favour of SSH. The deposit or guarantee shall secure the bidder's obligation to enter into the sale contract if successful.

SSH shall refund the security deposit or return the bank guarantee to an unsuccessful bidder.

Where a successful bidder concludes the sale contract in accordance with the published conditions and other requirements, the security deposit shall be treated as earnest money evidencing conclusion of the contract. If the successful bidder fails, for reasons attributable to the bidder, to conclude the sale contract within the period specified in the invitation to tender or to participate in the auction, SSH shall retain the security deposit or call on the bank guarantee.

19.4. TWO-STAGE ASSET SALE PROCEDURE

Article 116

(Non-binding bids)

SSH may decide to seek non-binding bids in the first stage of a public sale procedure. These shall form the basis for selecting bidders who, subject to meeting the conditions and other requirements set in advance, may continue in the procedure or conduct due diligence on the asset.

The invitation to submit non-binding bids shall allow sufficient time for submission. Once the deadline has passed, the team responsible for the operational management of the sale procedure, or a specially appointed committee of at least three members, normally SSH employees, shall open and review the bids. The opening and review shall not be public. A record shall be prepared when the bids are opened, setting out the essential terms of each bid.

SSH may require bidders to supplement their non-binding bids where clarification is needed, or the bids do not meet all the formal requirements.

Article 117

(Selection of bidders to continue in the procedure)

After reviewing all non-binding bids received by the deadline, the team or committee referred to in the preceding Article shall exclude bidders that do not meet all the published conditions and other requirements necessary for their bids to be considered, even after any supplementation. The SSH Management Board or another authorised person shall then select, by resolution, which of the remaining bidders to invite to continue in the procedure. Selection shall follow the criteria published in advance, with particular regard to the purchase price stated in each bid.

Article 118

(Second stage of the procedure)

During the first stage, selected bidders shall have the opportunity to conduct due diligence and obtain the other necessary information about the asset and the procedure. Once that stage is complete, SSH shall invite them to submit binding bids, participate in an auction or purchase the asset under a public offer. This shall constitute the second stage of the procedure.

19.5. ASSET DUE DILIGENCE

Article 119

Where capital assets in a company are offered for sale, the company's management shall allow prospective buyers to conduct due diligence on the company.

If circumstances prevent prospective buyers from conducting company due diligence, for example because the company refuses to permit it, SSH shall provide the necessary information in its possession, subject to the rules on protecting confidential information. This information may also be provided through the arrangements described in the following Article.

Prospective buyers of claims and tangible assets may also be given the opportunity to conduct due diligence.

Article 120

(Virtual data room)

During an asset sale procedure, prospective buyers may be given access to a virtual data room (VDR) to conduct due diligence on the asset or review specific information. They shall be given sufficient time and the information needed to assess the asset's value and decide whether to participate in a public auction or accept a public offer, or how to formulate a bid in response to a public call for tenders. All those granted VDR access shall have access to the same information, the same amount of time to review the documentation and the same deadline for submitting bids.

For the purposes of this Article, a VDR is a website that SSH appropriately secures and monitors and on which it stores digital material relating to the asset, including documents, audiovisual recordings and metadata. Prospective buyers who meet the required conditions may access this material online. A sales adviser or external service provider engaged by SSH for that purpose may also organise the VDR or the due diligence process. Exceptionally, prospective buyers may examine paper documentation at SSH's premises or at the registered office of the company whose shares or other equity interests are being sold.

In a two-stage procedure, SSH shall allow due diligence only for bidders whose non-binding bids have been selected on the basis of the criteria published in advance, provided that they also meet the other conditions. Where a two-stage procedure is not envisaged, the timetable, conditions and other requirements for due diligence shall be set out in the public invitation to tender, public offer or invitation to participate in the public auction when it is published.

Article 121

(Conditions for conducting due diligence)

Before conducting due diligence, prospective buyers shall sign an appropriate non-disclosure agreement (NDA). They shall agree to the conditions for conducting due diligence, such as any requirement to pay a security deposit, and to the due diligence protocol, covering matters such as deadlines, arrangements for accessing documentation and the rules for protecting information in the VDR.

Prospective buyers may submit written questions during due diligence as part of a question-and-answer (Q&A) process. All questions and written answers shall be visible to everyone with VDR access. A prospective buyer's identity shall not be disclosed to other prospective buyers with access to the VDR.

Where there is a risk of disclosing the most competitively sensitive information, a separate area within the VDR (a "Black Room") may be established, with special rules governing disclosure of and access to that information.

Article 122

(Exceptions to due diligence)

Where SSH considers that publicly available information about an asset is sufficient for an informed purchase decision, it shall offer prospective buyers the opportunity to conduct due diligence under this Chapter only if it expects this to strengthen their interest in purchasing the asset.

Notwithstanding the preceding paragraph, SSH shall always allow prospective buyers of tangible assets to inspect the assets in person.

SSH shall not offer due diligence where it cannot arrange it, for example where the company is unwilling to cooperate and SSH cannot secure its cooperation through the asset management measures available to it.

19.6. DIRECT SALE FOLLOWING AN UNSUCCESSFUL SALE PROCEDURE

Article 123

(Sale by direct contract following an unsuccessful sale procedure)

Where an asset sale procedure has been unsuccessful, SSH may sell the same asset by direct contract, provided that it receives an offer or expression of interest in purchasing the asset within six months of the adoption of a resolution closing the sale procedure by the SSH Management Board or another authorised person. SSH shall apply the same conditions and criteria to the prospective new buyer and their offer as those applied to participants in the unsuccessful sale procedure. These include, for example, the conditions for accessing the VDR, the period allowed for reviewing documentation in the VDR, the requirement to pay a security deposit when submitting a binding offer, the asset's market value, and the financial and other terms of sale. SSH shall also check whether bidders who participated in the unsuccessful sale procedure remain interested in purchasing the asset.

19.7. JOINT SALE OF ASSETS

Article 124

(Joint sale procedure)

A joint sale procedure may be conducted to achieve better sale results where other legal or natural persons also hold equity interests in an SOE, where SSH is a co-owner of a property or owns an individual unit within it, where other parties also hold claims against the same debtor as SSH, or in similar circumstances.

Before commencing a joint sale procedure, SSH and the other sellers shall enter into a separate agreement governing all aspects of their relationship concerning the conduct of the procedure. SSH shall not enter into such an agreement unless the other sellers agree to conduct the procedure in accordance with the fundamental principles and guidelines of this Asset Management Policy. SSH shall also refrain from entering into an agreement governing a joint sale procedure unless it reaches agreement with the other sellers on the measures to prevent money laundering and terrorist financing, conflicts of interest and corruption. These measures shall be those that SSH is required to implement in accordance with the law and its internal regulations.

20. SPECIAL PROVISIONS ON THE ACQUISITION AND DISPOSAL OF CAPITAL ASSETS

20.1. DISPOSAL OF CAPITAL ASSETS

20.1.1. General provisions

Article 125

(Resolution to commence the sale procedure)

Where the Annual Asset Management Plan provides for the possible sale of a particular capital asset, the SSH Management Board shall adopt a resolution to commence the sale procedure. The resolution shall be based on an asset management plan prepared by the asset manager responsible for the capital asset concerned or by a sale team appointed specifically for that purpose.

Article 126

(Appointment of the sale team)

A team of at least three SSH employees shall be appointed to manage the operational aspects of the capital asset sale procedure (the team).

The number of team members shall depend on the complexity of the sale procedure and the value of the capital asset being sold. The team shall normally include the asset manager responsible for the capital asset, the head of the internal organisational unit responsible for managing that capital asset, and a lawyer.

In a joint sale under Article 124 of this Asset Management Policy, the team may also include representatives of the other sellers alongside SSH employees, where this is provided for in the agreement governing their relationship. The same shall apply where capital assets owned by the Republic of Slovenia and/or SSH are sold together with KAD's capital assets in a combined sale procedure under Article 138 of this Asset Management Policy.

A single team may also be appointed to manage the simultaneous sale of several capital assets.

Article 127

(Role of the team in the capital asset disposal procedure)

Each team member shall review and form a view on all documents and materials relating to the capital asset sale procedure. Where team members hold differing views, they shall clearly express and reconcile those views before taking any further action, or refer the disputed issue to the SSH Management Board for a decision.

The team's specific tasks shall depend on the circumstances of each case. Its operational tasks shall include: preparing materials, particularly the proposals referred to in Article 18 of this Asset Management Policy; reviewing all documentation relating to the procedure; researching and advising on the best course of action, based on a thorough review and expert analysis of the relevant issues; carrying out, coordinating and documenting individual sale activities and coordinating all procedural details; participating in correspondence between SSH and third parties, particularly counterparties and external service providers involved in the sale;

monitoring third parties' compliance with their obligations to SSH; ensuring that SSH responds promptly and appropriately to all anticipated and unforeseen situations arising during the sale; and taking any other action affecting the sale procedure in accordance with the resolutions, instructions and guidance of the SSH Management Board or another authorised person. The team shall also report regularly to the SSH Management Board or another authorised person on the progress of the procedure.

In addition, the team shall identify the best commercial opportunities for the planned sale of the capital asset. To this end, it shall collect and analyse publicly available information on the business environment and market participants, check the prices of services needed to carry out sale activities, and identify suitable opportunities and approaches for bringing the procedure to a successful conclusion. The team shall have access to all documentation and other information held by SSH that it needs to perform these tasks, unless disclosure is prohibited by law or other regulations. Where there is uncertainty about providing internal and confidential material, the SSH Management Board shall decide whether it may be provided.

The team shall keep an auditable record of the objectives and outcomes of negotiations during the sale procedure, covering both key contractual terms and the purchase price.

Where SSH engages an external adviser to provide specialist assistance with the disposal of a capital asset, individual tasks assigned to the team under this Asset Management Policy may be delegated to that adviser. The team shall nevertheless remain responsible for the operational management of the procedure and retain oversight of the entire process.

Article 128

(Exceptions to the requirement to appoint a sale team)

Where the value of a capital asset is low and the complexity of the sale procedure does not warrant appointing a team, the asset manager responsible for that capital asset may manage the operational aspects of the procedure. In such cases, the provisions governing the team's role in the sale procedure shall apply to the asset manager.

Article 129

(Exemption from the Asset Management Policy)

The provisions of this Asset Management Policy shall not apply to the sale of shares traded on a regulated securities market in the Republic of Slovenia where the purpose of the sale is to manage liquidity as part of SSH's financial management and the transaction is executed through an authorised stockbroker as a single direct order or a series of direct orders, in accordance with applicable regulations. In such cases, the SSH Management Board shall adopt a resolution transferring the capital asset, or part of it, to SSH's portfolio of liquid investments. The resolution shall be based on a proposal from the relevant internal organisational unit of SSH or from an authorised person or team appointed by the SSH Management Board. The relevant internal organisational unit, person or team shall then conduct the sale procedure in accordance with SSH's internal regulations governing the investment policy for its portfolio of liquid investments and the applicable rules on securities trading.

20.1.2. Restrictions on the disposal of capital assets

Article 130

(Retention of minimum shareholdings in strategic and important capital assets)

SSH shall not dispose of capital assets in a manner that would cause the combined shareholding of SSH, the Republic of Slovenia and their related parties to fall below the following minimum levels:

- 50% plus one vote for capital assets classified as strategic in the Strategy;
- 25% plus one vote for capital assets classified as important in the Strategy.

SSH may freely dispose of portfolio capital assets.

Shareholdings below the minimum levels specified in Paragraph 1 of this Article shall not be encumbered with pledges or other rights in rem. Nor shall any agreements or transactions be entered into that could create an obligation to dispose of those shareholdings or confer ownership entitlements over them on third parties. SSH may freely dispose of shareholdings exceeding the minimum levels specified in Paragraph 1 of this Article, subject to the provisions of this Asset Management Policy.

The minimum shareholdings specified in this Article shall be calculated as the ratio of shares carrying voting rights held by the Republic of Slovenia, SSH and their related parties to all shares carrying voting rights in the company concerned, in accordance with ZGD-1 and the company's governing instruments. Any withdrawal of voting rights by the Securities Market Agency (ATVP) shall not affect the minimum shareholdings specified in this Article. The internal organisational unit of SSH responsible for controlling shall maintain records of the shareholdings held by SSH and the Republic of Slovenia.

Article 131

(Minimum sale price)

A capital asset shall not be sold below the lower end of the valuation range specified in the valuation report prepared by an external certified business valuer or in the internal valuation report.

Article 132

(Supervisory Board approval for the sale of a capital asset)

The SSH Management Board shall obtain the SSH Supervisory Board's approval for the sale of a capital asset owned by SSH or the Republic of Slovenia whose value exceeds the threshold specified in SSH's Articles of Association.

20.1.3. Sale of majority capital assets

Article 133

(Definition of a majority capital asset)

A capital asset shall be regarded as a majority capital asset where the equity interest or shares held by SSH and/or the Republic of Slovenia and/or KAD and offered for sale represent more than 50% of the company's share capital or voting rights.

In a joint sale, a capital asset shall also be regarded as a majority capital asset where the holding offered for sale by SSH and/or the Republic of Slovenia and/or KAD carries no more than 50% of the company's voting rights, provided that both of the following conditions are met: together with the holdings offered by the other sellers, it represents more than 50% of the company's share capital or voting rights; and the value of the capital asset offered for sale by SSH and/or the Republic of Slovenia and/or KAD exceeds EUR 1 million.

The procedure for selling a majority capital asset shall also apply to the sale of a minority capital asset where both of the following conditions are met: the capital asset offered for sale by SSH and/or the Republic of Slovenia and/or KAD, either alone or together with the holdings offered by the other sellers, represents at least 25% of the company's share capital or voting rights; and the value of the capital asset offered for sale by SSH and/or the Republic of Slovenia and/or KAD exceeds EUR 5 million.

For the purposes of Paragraphs 2 and 3 of this Article, the value of the capital asset held by SSH and/or the Republic of Slovenia and/or KAD shall mean:

- for a non-marketable capital asset, its carrying amount, calculated on the basis of the proportion of the company's share capital offered for sale by SSH and/or the Republic of Slovenia and/or KAD and the audited carrying amount of the com-

pany's equity as at 31 December of the year preceding the commencement of the sale procedure, or the unaudited amount if the audited amount is unavailable;

- for a marketable capital asset, its market value, calculated using the average closing share price over the three-month period ending on the last day of the month preceding the commencement of the sale procedure.

Where the latest known carrying amount of a majority capital asset does not exceed EUR 10,000, the sale shall follow the procedure applicable to minority capital assets.

Article 134

(Valuation)

An external certified business valuer (the external valuer) shall be engaged for the sale of a majority capital asset in accordance with Article 38 of this Asset Management Policy.

Acting as an independent expert, the external valuer shall select the approaches and methods most appropriate to the purpose of valuing the capital asset concerned.

The sale team, the party requesting the valuation, those responsible for the internal review of the valuation, and the SSH Management Board shall be invited to the presentation of the external valuer's report. The SSH Management Board shall also take note of the valuation report at a Board meeting.

The valuation date shall be no more than 12 months before the date on which the sale contract is concluded.

Article 135

(Fairness opinion)

Where a transaction is significant and heightened risks have been identified, the SSH Management Board may decide to obtain an independent expert opinion on the fairness of the terms of sale (a fairness opinion), or another independent expert opinion, before making its final decision on the sale of the capital asset.

20.1.4. Sale of minority capital assets

Article 136

(Definition of a minority capital asset)

A capital asset shall be regarded as a minority capital asset where the equity interest or shares held by SSH and/or the Republic of Slovenia and/or KAD and offered for sale represent no more than 50% of the company's share capital or voting rights, and the capital asset does not meet the conditions set out in Article 133, Paragraphs 2 and 3, read in conjunction with Paragraph 4 of that Article.

Article 137

(Internal valuation)

An internal valuation shall be prepared for the sale of a minority capital asset where the audited carrying amount of the State capital asset, based on the company's latest audited balance sheet, does not exceed EUR 1 million. For this purpose, the audited carrying amount shall mean the value of the State capital asset being disposed of, calculated on the basis of the latest audited carrying amount of the company's equity.

A valuation prepared by a third party may also qualify as an internal valuation, provided that it meets the substantive requirements for a valuation prepared in accordance with SSH's internal regulations governing asset valuation. This may include, for example, a valuation prepared by KAD as part of a combined sale procedure. The third party shall consent to the use of its valuation for the purposes of the capital asset sale procedure.

Where the audited carrying amount of the capital asset held by SSH and/or the Republic of Slovenia and/or KAD, based on the company's latest audited balance sheet, exceeds EUR 1 million, an independent external certified valuer shall prepare the valuation for the minority capital asset sale procedure. In such cases, the provisions governing valuations for the sale of majority capital assets shall apply.

The internal valuation date shall be no more than 12 months before the date on which the sale contract is concluded.

Where the company whose capital asset is being sold does not supply or publish the up-to-date information needed for an internal valuation, and SSH cannot obtain more recent financial and business information directly from the company because of its small shareholding or other relevant reasons, the company's latest available financial statements may be used once all other options have been exhausted. The internal valuation shall also take account of relevant public and other available information about the capital asset being sold. In such cases, the internal valuation date shall be the date on which the company or capital asset is valued, or another appropriate date determined by the valuer.

The sale team, the party requesting the valuation, those responsible for the internal review of the valuation, and any other persons specified in the internal regulations shall be invited to the presentation of the internal valuation report. The SSH Management Board shall take note of the valuation report at a Board meeting.

Nothing in this Article shall prevent SSH from engaging an external certified business valuer where it considers this necessary. In such cases, the provisions of this Article governing the preparation and presentation of valuations shall apply, with the necessary adjustments, to the external valuation.

20.1.5. Sale of KAD's capital assets

Article 138

(Combining sale procedures)

The procedure for selling a capital asset held by SSH and/or the Republic of Slovenia shall be combined with the procedure for selling KAD's capital asset in the same company to form a single sale procedure. SSH shall conduct the combined procedure at its own discretion, exercising the care and diligence of a conscientious and honest businessperson and acting in accordance with this Asset Management Policy.

SSH and KAD shall enter into a separate agreement setting out the detailed arrangements governing their relationship for each combined sale procedure referred to in the preceding paragraph. The agreement may also cover several capital assets being sold simultaneously by SSH and KAD.

This Article shall not apply where a third party publishes a takeover offer in accordance with the law governing takeovers.

20.1.6. Dilution of shareholdings through a capital increase

Article 139

(Duty to use endeavours)

SSH shall seek to ensure that an SOE undertaking a capital increase involves SSH in the procedure as fully as the circumstances permit, by keeping SSH informed of its progress and coordinating certain key aspects of the procedure with SSH. Where SSH and/or the Republic of Slovenia hold a majority shareholding in a company and the company authorises SSH to carry out specific actions on its behalf in a capital increase procedure, SSH shall apply the provisions of this Asset Management Policy governing capital asset sale procedures, with the necessary adjustments.

Where the management board or management of a company in which the Republic of Slovenia or SSH holds a strategic or important capital asset plans to increase the company's share capital through contributions, SSH shall make every effort and take all necessary measures to ensure that the shareholding of the Republic of Slovenia or SSH does not fall below the minimum level prescribed by ZSDH-1 for the relevant category of capital asset.

20.1.7. Put options and the grant of call options

Article 140

(Application of the provisions governing sales)

The provisions of this Asset Management Policy governing the sale of capital assets shall also apply, with the necessary adjustments, to procedures for exercising put option rights and granting call options.

For the purposes of this Article, a put option is an arrangement under which SSH and/or the Republic of Slovenia acts as the option holder and has the unilateral power to bring about the legal transaction for the disposal of the State capital asset by exercising the option. A call option is an arrangement under which SSH and/or the Republic of Slovenia acts as the party bound by the option, and the legal transaction is brought about by the counterparty's unilateral declaration of intent. In the latter case, SSH and/or the Republic of Slovenia must already have held the shares or other equity interests in the companies concerned before entering into the agreements granting the call option rights.

A put option may be exercised if it is established that the price obtainable from a market sale, net of selling costs, would not exceed the agreed exercise price. This provision shall apply, with the necessary adjustments, to call option rights.

20.1.8. Proposal for the sale of a capital asset

Article 141

(Preparation and approval of the sale proposal)

Where the sale team determines that all conditions for a sale through a public call for tenders or by direct contract have been met and considers the matter ready for a decision, it shall prepare a proposal for the sale of the capital asset. The sale proposal shall be prepared once all essential terms of the sale contract are known.

All members of the sale team and the head of the internal organisational unit of SSH responsible for the capital asset being sold shall agree to and sign the sale proposal, regardless of whether the head of that unit is also a team member.

Article 142

(Content of the sale proposal)

The sale proposal shall contain all elements required by SSH's internal regulations governing the documentation of business events relating to capital asset sales and the contents of the sale file. In particular, it shall include:

- a description of the sale procedure;
- information on the operations of the company concerned;
- the company's ownership structure;
- a summary of the capital asset valuation, stating the minimum and/or maximum estimated value;
- an overview of the bids received;
- the estimated costs of the sale procedure;
- information on the conduct of due diligence;
- essential information about the buyer in accordance with Articles 27 and 29 of this Asset Management Policy;
- the essential elements of the sale contract;
- all identified risks associated with the sale procedure or with not selling the capital asset, and any other matters requiring attention before the final decision is made;
- any alternative scenarios considered during the sale procedure;
- an assessment of consistency with the asset management plan, identifying and explaining any departures from that plan; and
- the reasons supporting the proposed sale.

A signed valuation of the capital asset shall be attached to the sale proposal.

Article 143

(Preparation of invitations for public offers or public auctions)

The provisions of Articles 141 and 142 of this Asset Management Policy shall also apply, with the necessary adjustments, to the preparation of an invitation to participate in a public offer or public auction. For a public auction, account shall be taken of the fact that the capital asset will be sold to the bidder offering the highest price above the starting price; for a public offer, it will be sold to the first person to accept the offer. The invitation shall also specify any further conditions that the successful auction bidder or the person accepting the public offer within the prescribed period must fulfil to complete the transaction.

Article 144

(Contract administrator)

The administration of contracts and other documents relating to the sale of capital assets shall be governed by the internal regulations on the appointment of contract administrators and the performance of contract administration duties.

20.1.9. Direct sale of capital assets

Article 145

A capital asset may be sold by direct contract:

- where a put option is exercised and it is established that a market sale would not achieve a higher price than the agreed option price after taking account of the costs of selling on the market;
- where a person entitled to a pre-emption right over the capital asset exercises that right following one of the public sale procedures specified in this Asset Management Policy, provided that no more than six months have elapsed since that procedure was completed;
- where the debt security or share is traded on a regulated or free market in accordance with ZTFI, including the SI.ENTER platform, and the sale is conducted in accordance with that market's trading rules, except for block trades as defined in the rules of the regulated market in financial instruments, which shall be conducted using one of the public sale methods specified in this Asset Management Policy;
- where a public offer made in accordance with the law governing takeovers is accepted;
- where the sale is between SSH and the Republic of Slovenia, or between SSH and another company in which the Republic of Slovenia is the majority shareholder or member;
- where the disposal procedure satisfies the private seller test in accordance with State aid rules and the case law of the Court of Justice of the European Union;
- where an offer is accepted from a bidder that has previously successfully completed a takeover procedure in which neither SSH nor the Republic of Slovenia was permitted to participate because they were acting in concert with the acquirer within the meaning of the law governing takeovers, provided that the offer is accepted on the terms set out in the takeover offer and fewer than 12 months have elapsed since the completion of the takeover procedure.

20.1.10. Other provisions relating to the sale of capital assets

Article 146

(Non-financial commitments in sale procedures)

SSH shall seek to ensure that contracts for the sale of State capital assets include non-financial commitments that are permissible under State aid rules and appropriate to the circumstances of the case or the capital asset being sold.

SSH shall also seek to include a contractual requirement for the buyer to report to SSH in writing once a year on its fulfilment of the agreed non-financial commitments. The buyer's first report shall be submitted no later than one year after completion of the transaction.

SSH shall also seek to include other contractual provisions protecting the interests of SSH and/or the Republic of Slovenia, such as top-up and earn-out clauses, in contracts for the sale of capital assets.

Article 147

(Respect for human rights)

SSH shall seek to include a specific provision in the capital asset sale contract under which the buyer confirms that it ensures respect for human rights in its business operations throughout the value chain, taking account of the United Nations Guiding Principles on Business and Human Rights, and undertakes to continue doing so in the future.

Article 148

(Notification of changes in major holdings)

In its capacity as a shareholder or manager of State capital assets, SSH shall notify both the securities issuer and ATVP simultaneously whenever its own holding, a State holding managed by SSH or their combined holding reaches, exceeds or falls below any of the following thresholds: 5%, 10%, 15%, 20%, 25%, one-third, 50% or 75% of all voting rights in a public company. Notification shall be made using Form P-DEL, in accordance with ZTFI-1, the Decision on Information on Major Holdings (Official Gazette RS, No. 30/2019, item 1377) and SSH's internal regulations governing reporting. Notification shall be made as soon as possible and no later than the fourth trading day after the day on which SSH became aware, or could have become aware, of the acquisition or disposal of shares or the ability to exercise voting rights, regardless of when that acquisition, disposal or ability to exercise voting rights takes legal effect.

In notifications under the preceding paragraph, SSH shall report changes in its own holdings separately from changes in State holdings that it manages.

The acquisition or disposal shall be deemed to occur on the date on which the binding agreement is concluded under which SSH has acquired or disposed of, or is to acquire or dispose of, shares or share options that cause its holding to reach, exceed or fall below a major holding threshold. Where the binding agreement is validly rescinded, SSH shall notify the issuer and ATVP within the same period and in the same manner, with the necessary adjustments.

The obligation under Paragraph 1 of this Article shall arise where a change in a major holding results from either:

- a transaction involving the disposal of shares or another legal transaction that changes the proportion of voting rights; or
- corporate actions by the public company or other legal events referred to in Article 149 of ZTFI-1.

Article 149

(Notification of the company's management)

SSH shall notify the management of a company of an intended sale of shares or an equity interest representing a holding of at least 10% in that company before the sale procedure commences or, at the latest, on the day the invitation to submit bids or expressions of interest is published. Where another substantively equivalent step is taken, SSH shall notify the company's management before taking that step. At the same time, SSH shall request that the company's management comply with the applicable Worker Participation in Management Act when informing employees about the sale procedure.

Upon signing a contract for the disposal of a capital asset, SSH shall notify the management of the company concerned that the sale contract has been concluded and request that it keep employees informed regularly and in good time.

Article 150

(Publicity at the start of a public sale procedure)

Where capital assets are sold through a public offer, public auction or public call for tenders, a brief announcement may also be published in a daily newspaper with nationwide circulation in the Republic of Slovenia, in addition to publication on SSH's website. The announcement shall set out the key features of the asset, the sale procedure and the conditions of sale, and include a link to SSH's website, where more detailed information is publicly available. Persons considered likely to be interested in participating in the procedure may also be notified directly of the publication.

Where the SSH Management Board so decides, information on the sale shall be published in foreign media in accordance with European Commission guidelines.

The content and publication of offers of securities to the public shall be governed by ZTFI and European Union legislation.

20.1.11. Encumbrance of capital assets

Article 151

(Restrictions on encumbrance)

No pledge or other right may be created over the minimum shareholding in an important or strategic capital asset specified in Article 130 of this Asset Management Policy. Nor may any agreement or transaction be entered into that could give rise to an obligation to dispose of that shareholding or to any other entitlement of a third party in respect of it.

A capital asset may be encumbered only in respect of the portion of the holding that exceeds the minimum shareholding specified in the preceding paragraph.

Article 152

(Application of provisions with the necessary adjustments)

The general provisions governing the disposal of assets and the sale of capital assets shall apply, with the necessary adjustments, to the encumbrance of capital assets.

20.2. ACQUISITION OF CAPITAL ASSETS

Article 153

(Basis for acquiring a capital asset)

SSH shall conduct a capital asset acquisition procedure where the acquisition is provided for in the Annual Asset Management Plan.

Where the Government of the Republic of Slovenia determines by resolution that a particular capital asset needs to be acquired, but the Annual Asset Management Plan does not provide for the necessary activities, SSH shall begin preparing an appropriate amendment to the Annual Asset Management Plan immediately upon receiving the Government's resolution. The Annual Asset Management Plan shall be amended in accordance with the procedure set out in Article 30 of ZSDH-1. Where an acquisition envisaged in such an amendment qualifies as an urgent asset management activity under Article 19, Paragraph 2 of this Asset Management Policy, SSH shall act in accordance with Article 19, Paragraph 1, also taking account of Paragraph 3 of that Article.

SSH shall also follow the procedure set out in the preceding paragraph where it receives a proposal to acquire a capital asset from the Government of the Republic of Slovenia or a ministry, if it considers that managing the capital asset concerned could enable it to contribute to the general asset management objectives set out in the Strategy.

The acquisition of capital assets through the conversion of claims held by SSH into equity interests in companies during the financial restructuring of debtors (debt-to-equity swaps), or through purchases in enforcement or bankruptcy proceedings, including the takeover of capital assets that cannot be realised, shall be based on the strategy for managing the claim concerned, as set out in the asset management plan.

Article 154

(Application of provisions with the necessary adjustments)

SSH shall decide whether to acquire a capital asset after completing a procedure in which it carries out the necessary asset management activities and obtains sufficient information to support its decision The provisions of this Asset Management Policy governing capital asset sales, the preparation of sale proposals, the appointment of a sale team and its role in the operational management of the sale procedure, and asset management decisions shall apply, with the necessary adjustments, to capital asset acquisitions and the associated procedures.

Where a capital contribution does not increase the ownership percentage held in a company, and therefore does not constitute an acquisition of a capital asset, [8] or where a capital asset is acquired without consideration, the provisions of this Asset Management Policy shall apply to the extent necessary and with the appropriate adjustments.

Article 155

(Methods of acquiring capital assets)

Capital assets may be acquired for SSH and/or the Republic of Slovenia either for consideration or without consideration.

SSH may acquire capital assets, whether in its own name or on behalf of and for the account of the Republic of Slovenia, by establishing companies, purchasing holdings or participating in capital increases.

For the purposes of the preceding paragraph, a purchase means any acquisition for consideration of equity securities within the meaning of ZTFI, or membership interests or other equity interests in individual companies in accordance with ZGD-1.

Article 156

(Conditions for conducting the acquisition procedure)

A capital asset acquisition procedure may be conducted only if SSH has the necessary financial resources or those resources have been earmarked in the State budget. Before a procedure to acquire a capital asset for the Republic of Slovenia begins, the Ministry of Finance shall confirm in writing that sufficient budget funds are available for that purpose or will be made available to SSH no later than when payment is due.

Capital assets may be acquired through capital increases involving non-cash contributions of tangible assets, claims or equity interests referred to in Article 4 of this Asset Management Policy only if this does not reduce the value of the assets held by SSH and/or the Republic of Slovenia, taking account of asset management costs and liquidity.

SSH may also acquire a capital asset whose strategic importance is justified by reference to a sectoral strategy or another appropriate document of the responsible ministry or the Government, provided that the strategic objectives are duly substantiated in the Annual Asset Management Plan.

Article 157

(Buyer's due diligence)

Due diligence shall normally be conducted before a capital asset is acquired for consideration.

Due diligence shall comprise a review, in accordance with professional standards, of the financial position, tax affairs, legal position and business operations of the company in which SSH is acquiring a capital asset.

8 A contribution does not increase the ownership percentage where an existing shareholder or member participates in a share capital increase in proportion to their current holding, or makes subsequent payments.

Where the circumstances warrant it, additional specialist reviews may be conducted, including environmental, technical and technological reviews.

Company due diligence may be omitted before an acquisition only exceptionally, where the SSH Management Board so decides and there are substantiated reasons for doing so. Examples include acquisitions of low-value capital assets, purchases of shares in public joint-stock companies, acquisitions of holdings in companies already majority-owned by SSH or the Republic of Slovenia, or acquisitions of holdings in companies whose financial position is known to SSH through the reports they submit to it as debtors. In deciding whether due diligence is warranted, SSH shall have particular regard to the principle of economy.

Due diligence shall normally be conducted by an external adviser.

Article 158

(Obligation to make a takeover bid or notify a concentration)

Before acquiring a capital asset, SSH shall determine whether the acquisition could trigger an obligation to make a takeover bid in accordance with ZPre-1 and whether a concentration must be notified before the acquisition in accordance with ZPOmK-2.

Article 159

(Valuation)

Where the transaction value exceeds EUR 1 million, the valuation shall be prepared by an independent external certified valuer. For other transactions, it may also be prepared by an internal expert.

Exceptionally, the SSH Management Board may decide before the acquisition that no valuation is to be prepared. The decision shall be based on the asset management plan and shall take account of professional standards and the circumstances of the case. Such a decision shall be supported by substantiated reasons why a valuation would be impossible or inappropriate, taking account of the internal regulations governing asset valuation.

Article 160

(Decision to acquire a capital asset)

After completing the acquisition procedure, SSH shall make a final decision to acquire the capital asset for SSH and/or the Republic of Slovenia if, applying the standard of care and diligence of a conscientious and honest businessperson, it considers the acquisition justified. This assessment shall consider, in particular, the capital asset's expected return, risks and price and, for strategic capital assets, the achievement of strategic objectives generally set out in the Strategy.

Article 161

(Acquisition without consideration)

A capital asset may be acquired without consideration unless the acquisition would entail substantial costs or ownership would be subject to conditions imposing obligations on SSH or the Republic of Slovenia that are disproportionate to the benefits of the acquisition.

The preceding paragraph shall not apply to acquisitions of capital assets for the Republic of Slovenia in accordance with the law governing inheritance or the law governing the confiscation of assets of illicit origin.

Article 162

(Supervisory Board approval for the acquisition of capital assets)

The SSH Management Board shall obtain the SSH Supervisory Board's approval for acquisitions of capital assets for SSH or the Republic of Slovenia where the value exceeds the threshold specified in SSH's Articles of Association.

Article 163

(Special case of capital asset acquisition)

The provisions governing capital asset acquisitions shall also apply, with the necessary adjustments, where SSH and/or the Republic of Slovenia acquire capital assets as part of a body of assets transferred as a whole under a transaction for consideration. The provisions governing the conduct of the procedure and individual decisions shall apply unless otherwise prescribed by law.

20.3. EXCHANGE OF CAPITAL ASSETS

Article 164

(Definition of an exchange)

An exchange is a transaction for consideration under which shares or other equity interests held by SSH or the Republic of Slovenia are exchanged for shares or other equity interests held by other legal or natural persons.

Exchange transactions shall normally be concluded where an equivalent cash payment cannot be obtained for the capital assets concerned or where the exchange reduces asset management costs.

Exchanges of capital assets between SSH and the Republic of Slovenia, or between SSH and legal entities majority-owned by SSH and/or the Republic of Slovenia, shall normally be conducted by direct contract, unless the circumstances of the case specifically justify an exchange through a public call for tenders.

Article 165

(Conditions for an exchange)

A capital asset may be exchanged only if the exchange does not reduce the value of the assets or improves their quality. Examples include exchanging a portfolio capital asset for a strategic capital asset, or acquiring additional shares or equity interests which, together with an existing holding, improve its marketability or increase its combined value.

The provisions of this Asset Management Policy governing the sale or acquisition of capital assets shall apply, with the necessary adjustments, to exchange transactions and the associated procedures.

21. PROCEDURES FOR THE ACQUISITION AND DISPOSAL OF CLAIMS

21.1. GENERAL PROVISIONS

Article 166

(Application of the provisions of the Asset Management Policy)

Unless otherwise provided in this Chapter, the general principles of this Asset Management Policy and the common provisions on asset sales shall apply to the disposal of claims. The provisions governing capital asset disposal and acquisition procedures and the restructuring of SOEs shall also apply, with the necessary adjustments.

Article 167

(SSH's internal regulations)

The procedure for selling claims and SSH's activities relating to insolvency proceedings and the enforcement of security shall be governed in detail by internal regulations adopted by the SSH Management Board.

These internal regulations shall specify decision-making responsibilities and the tasks and duties of those responsible for the operational management of claim disposal procedures or individual activities associated with them.

21.2. SPECIAL PROVISIONS ON THE DISPOSAL OF CLAIMS

Article 168

(Commencement of the procedure and decision-making)

A claim disposal procedure shall be initiated on the basis of the asset management plan referred to in Article 21 of this Asset Management Policy, approved by the SSH Management Board or another competent body. The claim manager shall prepare the asset management plan, taking account of opinions from other SSH specialists designated under SSH's internal regulations to provide expert support in claim management, or from external experts engaged by SSH. These opinions may concern, for example, the status and value of security or the legal steps to be taken.

The asset management plan shall form the basis for each decision on the disposal of the claim. The asset management plan shall set out and evaluate all options for managing the claim and explain the reasons for the specific proposal. It shall also provide basic and financial information on the debtor, explain the reasons for its financial position at the time the decision is made, and clearly justify approval of the proposed course of action.

Article 169

(Situation analysis)

The asset management plan referred to in the preceding Article shall include a situation analysis assessing:

- the prospects for long-term repayment of the claim from the debtor's cash flows;
- the scope for the debtor to dispose of assets voluntarily;
- the scope for realising pledged assets and other unencumbered assets of the debtor;
- the procedure that would maximise recovery of the claims;
- the debtor's willingness to seek a satisfactory solution; and
- other circumstances that may affect recovery of the claims.

On the basis of this analysis, the asset management plan shall incorporate the strategy considered most likely to maximise value for the creditor, namely:

- restructuring the claims, primarily to enable the debtor to achieve the operating performance indicators needed to qualify for third-party refinancing;
- converting the claims into real estate or an equity interest;
- enforcing and realising security;
- selling the claim; or
- obtaining full or partial repayment from the debtor or guarantor.

Article 170

(Valuation)

A resolution on the disposal of a claim shall normally be based on an internal assessment of the claim's net value prepared by the claim manager. The assessment shall take account of external valuations of the pledged assets, the expected timeframe for their sale, the legal risks and costs associated with realisation, and the projected cash flows under a restructuring scenario for the debtor and/or guarantor.

Pledged assets shall normally be valued by an external service provider engaged by SSH under an appropriate contract for that purpose. The general provisions of this Asset Management Policy governing the engagement of external advisers shall apply where an external certified valuer is engaged.

Article 171

(Prohibition on disposal below the minimum estimated value)

A claim shall not be sold or otherwise disposed of for less than the minimum estimated value determined in accordance with the preceding Article.

Article 172

(Sale of a pool of claims)

SSH may sell a pool of claims to optimise the management of its claim portfolio.

Claims may be sold as a pool, in particular, where:

- managing the claims individually is no longer economically efficient;
- the costs of further management activities exceed the expected benefits; or
- the sale would accelerate deleveraging and reduce portfolio risk.

In addition to maximising the financial return, decisions on claim disposals shall take account of the objectives of streamlining claim management and, where circumstances permit, discontinuing claim management activities over the longer term.

Article 173

(Valuation of a pool of claims)

Where claims are sold as a pool, SSH shall determine the pool's value by taking account of the claims' estimated realisable value, the associated risks and the timing of recoveries.

Notwithstanding the provisions on the minimum disposal value in Article 171, a pool of claims may be valued on the basis of the liquidation value of pledged or other realisable assets where the likelihood of recovering individual claims is low and recovery proceedings are lengthy and involve disproportionate costs.

Article 174

(Conversion of claims into equity interests and tangible assets)

The conversion of a claim into an equity interest shall be based on an assessment of the prospects for the continued successful operation of the company undergoing restructuring.

The conversion of a claim into tangible assets during restructuring (a debt-to-asset swap), particularly real estate, and the recovery of a claim through the purchase of assets in enforcement or bankruptcy proceedings shall be based on the strategy set out in the asset management plan. The conditions permitting the conversion of claims into tangible assets or the purchase of real estate in enforcement or bankruptcy proceedings, particularly the maximum acquisition price, shall be determined case by case, taking account of the specific characteristics of the claim and tangible assets concerned. The SSH Management Board or another competent body shall decide on those conditions.

Article 175

(Removal of a claim from business records)

A claim shall be removed from SSH's business records where, on the basis of all available data and information, SSH can no longer expect any recovery or the claim's net value is zero.

SSH may also remove part of its claims against an individual debtor from its business records in conjunction with a restructuring of all claims aimed at securing the debtor's long-term viability (long-term liquidity).

Article 176

(Discontinuation of claim management activities)

SSH may discontinue or limit management activities relating to individual claims where, following a professional and economic assessment, it determines that further activities are not warranted. Further activities shall be considered unwarranted, in particular, where the estimated management costs exceed the expected recovery, SSH expects no recovery, or the activities would not significantly improve the claim's recoverability.

Article 177

(Notification of the debtor)

SSH shall notify the debtor of the sale of the claim so that the debtor can validly discharge its obligation by paying the assignee (the new creditor). Where the claim arises from a commercial contract under which SSH and the debtor have agreed that SSH may not transfer the claim to a third party, SSH shall inform the debtor that payment to the assignor (SSH) will also discharge the obligation.

21.3. PROVISIONS ON THE ACQUISITION OF CLAIMS

Article 178

(Definition of claim acquisition)

For the purposes of this Asset Management Policy, claim acquisition means the acquisition of monetary claims by SSH, as assignee, from creditors, as assignors, under an assignment agreement or another equivalent legal transaction.

SSH acquires claims mainly in bankruptcy proceedings involving its debtors, where claims held by those debtors against third parties form part of the assets being sold in the proceedings. SSH may also purchase claims held by third parties against its debtors where this enhances its recovery prospects or strengthens its position in managing the claim.

Article 179

(Notification of the debtor)

Upon acquiring the target company's claim, SSH shall notify the debtor of the change of creditor.

22. FINANCIAL RESTRUCTURING AND REALISATION OF COLLATERAL

Article 180

(Financial restructuring)

Financial restructuring measures shall be implemented where there are reasonable grounds to expect the net value of the claims under a restructuring strategy to exceed their net value under a realisation strategy.

As part of financial restructuring, the following measures may be made available to the debtor:

1. an extension of the repayment period;
2. a reduction in the interest rate;
3. partial deleveraging, primarily through the identification and sale of company assets not required for business operations;
4. an improvement in the capital structure through recapitalisation, contributions to share capital or capital reserves, and debt-to-equity conversions;
5. the provision of additional liquidity;
6. partial debt forgiveness.

The objective of restructuring shall be to ensure the debtor's long-term operational efficiency, liquidity and competitiveness and to maximise debt repayment from operating cash flows and the divestment of assets not required for business operations. Financial restructuring measures may be implemented in cooperation with other financial creditors in accordance with Article 124 of this Asset Management Policy.

Having regard to Paragraph 1 of this Article and European Union State aid rules, SSH shall seek to facilitate the restructuring of as many Slovenian companies or their business groups as possible where this is economically justified. Such restructuring benefits the wider socio-economic environment in the Republic of Slovenia, including by preserving or creating jobs, safeguarding Slovenian brands and supporting the continued development of the wider community.

Article 181

(Realisation of collateral)

Assets pledged as security in SSH's favour shall normally be realised where the debtor fails to meet its obligations and SSH considers that debt recovery and/or financial and operational restructuring would not generate greater value in the future than could be obtained by realising those assets.

Collateral may be realised through court proceedings or by agreement with the debtor.

23. RESTRUCTURING OF SOES

Article 182

(SSH's role in the restructuring procedure)

Acting as a diligent and active shareholder or member, SSH may participate in the restructuring of an SOE where this is in the interests of the Republic of Slovenia and/or SSH, taking all necessary and beneficial measures, particularly to achieve the objectives for the management of State capital assets set out in the Strategy or the Annual Asset Management Plan.

Where SSH also holds claims against the SOE, the restructuring activities and objectives shall seek to maximise the overall value generated by the restructuring across both the equity holding and the claims. In such cases, SSH shall conduct the procedure in accordance with the provisions of Chapter 22 governing financial restructuring.

24. SUBSEQUENT PAYMENTS INTO EQUITY

Article 183

(Subsequent payments into equity)

Where the Articles of Association of a limited liability company whose sole member is the Republic of Slovenia provide for subsequent payments into equity, SSH, acting as founder, may adopt a resolution authorising such payments. Provisions permitting subsequent payments may also be introduced by an amendment to the Articles of Association. Subsequent payments may be made where the circumstances require a member, acting as a prudent businessperson, to provide the company with equity, or where there are other substantiated reasons.

Subsequent payments shall be made on a repayable or non-repayable basis, depending on their objectives and purpose. A repayable subsequent payment shall not be intended to cover losses affecting share capital. Repayment shall be authorised by a resolution adopted by SSH in its capacity as founder, subject to the conditions laid down in the law governing companies.

Provision for the subsequent payment shall be made in the Annual Asset Management Plan before SSH adopts the founder's resolution. SSH shall also obtain confirmation from the ministry responsible for finance that sufficient budget appropriations are available for the current year, unless SSH finances a repayable subsequent payment from its own funds. The founder's resolution shall comply with applicable regulations and shall not conflict with the objectives set out in the Strategy.

Subsequent payments may be repaid only subject to the conditions set out in Article 495, Paragraph 2 of ZGD-1, consistent with the principle that members may be repaid subsequent payments that are not intended to cover losses affecting share capital.

SSH Supervisory Board approval shall be obtained for a decision to make a subsequent payment exceeding EUR 1 million.

SSH shall comply with State aid rules before making a subsequent payment that a private investor would not make in the same or comparable circumstances. SSH shall consult and inform the ministry responsible for finance as necessary.

Due diligence and a valuation of the company or capital asset shall not normally be conducted before a subsequent payment is made, unless a financial institution would undertake due diligence and/or a valuation, in full or to a limited extent, in comparable circumstances, particularly taking account of the amount of the payment. In all cases, SSH shall gather information that, in light of the circumstances, is tailored to the objectives and purpose of the subsequent payment or is needed to demonstrate that the payment does not constitute State aid.

Where justified by the circumstances, subsequent payments may also be made to companies with a different ownership structure and to joint-stock companies. In joint-stock companies, such payments shall be non-repayable.

25. DISPOSAL, ACQUISITION AND RENTAL OF TANGIBLE ASSETS

Article 184

(Application of provisions with the necessary adjustments)

Unless otherwise provided in this Chapter, the general principles of this Asset Management Policy and the common provisions on asset sales shall apply to the disposal and acquisition of tangible assets.

The provisions of this Chapter governing sales shall apply, with the necessary adjustments, to the rental or lease of tangible assets. Rental or lease arrangements intended to increase the value of tangible assets and prepare them for sale within the meaning of Article 187, Paragraph 2 of this Asset Management Policy may be established by direct contract without advertising.

Article 185

(SSH's internal regulations)

The procedures for disposing of tangible assets and renting or leasing them out shall be governed by internal regulations on tangible asset management processes.

These internal regulations shall specify decision-making responsibilities and the tasks and duties of those responsible for the operational management of the procedures referred to in the preceding paragraph or individual activities associated with them.

Article 186

(Asset management plan)

The tangible asset manager shall prepare an asset management plan in accordance with Article 21 of this Asset Management Policy. The asset management plan shall form the basis for each decision on the disposal, rental or lease of tangible assets and on the preparatory activities needed to make the assets ready for sale, exchange or rental.

The asset management plan shall set out a strategy for maximising value in each case. It shall also include detailed information on the tangible assets, their management history, the estimated management costs up to the anticipated sale, and any legal and/or other risks associated with ownership and management. It shall also explain the reasons supporting approval of the proposed course of action.

Article 187

(Preparation of tangible assets for disposal)

Before tangible assets are sold, exchanged, rented out or leased out, SSH shall take the measures needed to increase their value and improve the prospects for their disposal, rental or lease.

Asset value may be increased by removing potential legal and technical obstacles, undertaking necessary investment, including routine and major maintenance and investment in development, renting out the assets, targeted marketing, and transparent and competitive sale procedures. Investment shall normally be undertaken only where the expected increase in disposal proceeds exceeds the investment cost. Examples include the preparation of spatial planning instruments, the acquisition of additional land needed to complete a site, and the construction of buildings.

For real estate intended for sale, maintenance shall be carried out to prevent deterioration or preserve its value. Measures shall also be taken to reduce management costs and improve marketability.

Article 188

(Guidelines for the disposal of real estate)

All real estate owned by SSH shall normally be intended for sale, except property used for its own purposes and property whose long-term rental generates a higher return for the owner over the longer term.

The asset management plan shall set out the strategy for selling and/or renting out the property, based on an assessment of the expected economic benefits to SSH. The strategy shall specify, as applicable, whether:

- the property is to be sold as a whole, in packages or in individual parts;
- the property is to be sold in its existing condition, during routine or major maintenance or other investment works, or after those works have been completed;
- the property is to be sold with or without tenants or other occupiers;
- the property is to be rented out on a long-term basis.

The asset management plan shall set out the essential terms of the sale contract and explain the reasons for including or omitting a top-up clause.

When deciding on the disposal, rental or lease of real estate, SSH shall also take account of the guidelines in the applicable Strategy.

Article 189

(Commencement of a real estate sale)

The sale procedure for a property may begin immediately after the approval of the basic sale strategy, in accordance with the asset management plan. SSH shall seek to ensure that each property intended for sale is made available for purchase or rental as soon as possible.

The start of the sale procedure shall be advertised on SSH's website and, where necessary, in the media.

Article 190

(Special provisions on public auctions and public offers)

Notwithstanding Article 112, Paragraph 3 and Article 114, Paragraph 3 of this Asset Management Policy, where tangible assets are sold by public auction or public offer, SSH may make conclusion of the sale contract conditional on subsequent approval by the SSH Management Board or another authorised person and, where required by SSH's Articles of Association, subsequent approval by the SSH Supervisory Board.

Article 191

(Direct sale of tangible assets)

When selling real estate or movable property, SSH may publish an advertisement stating an indicative price that does not oblige SSH to enter into a contract at that price. Publication of such an advertisement shall not constitute the first stage of a two-stage sale procedure using a public sale method. Instead, prospective buyers may express their interest in purchasing without being subject to deadlines or specific requirements. Expressions of interest may be submitted through an online contact form, by email, by post or in any other written form. The advertisement shall normally invite prospective buyers to propose a purchase price.

SSH shall consider all expressions of interest received in response to the advertisement. Where SSH has advertised the sale of tangible assets in this way for at least six months and only one prospective buyer has responded throughout that period, the assets may be sold by direct contract. SSH shall negotiate with the buyer before entering into the direct contract. The provisions of this paragraph shall also apply, with the necessary adjustments, where a person entitled to a pre-emption right exercises that right.

Where the response to the advertisement referred to in Paragraph 1 of this Article indicates market interest from at least two prospective buyers, the sale shall be conducted using one of the public sale methods or a combination of those methods. SSH shall also invite all those who responded to the advertisement individually to participate in the procedure.

Tangible assets may also be sold directly by applying, with the necessary adjustments, Article 145, Paragraph 1, Indents 1, 2 and 5 of this Asset Management Policy, which govern direct contracts for the sale of capital assets.

A direct contract may also be concluded with a municipality acquiring real estate in the public interest, provided that the contract does not conflict with the objectives set out in the Strategy and the Annual Asset Management Plan. Public interest shall be deemed to exist where the municipality acquires real estate for: the construction or maintenance of public facilities for education and schooling, sport, healthcare, social welfare, science, culture or public administration; the construction or maintenance of transport, energy, municipal services or water infrastructure; the construction or maintenance of public facilities for national defence, State reserves, the safety of citizens and their property, or protection against natural and other disasters; or the implementation of mitigation or compensatory measures under nature conservation regulations.

Article 192

(Sale price)

Tangible assets shall not be sold below the value determined in accordance with SSH's internal regulations governing asset valuation.

Article 193

(Exchange and encumbrance)

The provisions of this Asset Management Policy governing the exchange or encumbrance of capital assets shall apply, with the necessary adjustments, to other forms of disposal of tangible assets, namely exchange and encumbrance.

Article 194

(Movable property)

The provisions of this Chapter governing the acquisition and disposal of real estate shall apply, with the necessary adjustments, to the acquisition and disposal of movable property.

Article 195

(Acquisition of tangible assets)

Article 174, Paragraph 2 of this Asset Management Policy shall apply to the acquisition of tangible assets through the conversion of a claim during restructuring (a debt-to-asset swap), through the purchase of assets in enforcement or bankruptcy proceedings, or through taking over tangible assets that cannot be realised.

26. TRANSITIONAL AND FINAL PROVISIONS

Article 196

This Asset Management Policy shall enter into force on the date on which it is adopted by the SSH Management Board and approved by the SSH Supervisory Board.

The Asset Management Policy shall become binding on SSH upon its entry into force.

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

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