

# *Slovenian Corporate Governance Code for Listed Companies*

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SLOVENIAN  
DIRECTORS' ASSOCIATION



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## **Slovenian Corporate Governance Code for Listed Companies [Electronic source].**

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The Slovenian Corporate Governance Code for Listed Companies was jointly drawn up and adopted by the Ljubljana Stock Exchange Inc., the Slovenian Directors' Association and the Managers' Association of Slovenia on 18 March 2004. They agreed to amend and supplement it on 14 December 2005, 5 February 2007 and 8 December 2009.

The subsequent version of the Code was drawn up and adopted by the Ljubljana Stock Exchange Inc. and the Slovenian Directors' Association on 27 October 2016 (edited in January 2018). The current wording of the Code was adopted on 9 December 2021.

This is an English translation of the Code; in case of discrepancies between the translation and the original Slovene version, the Slovene version shall prevail.

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# I. PREAMBLE

Corporate governance addresses relationships of authority and responsibility between the different governance bodies. It depends on a whole set of legal, regulatory, institutional, cultural and ethical norms that determine what public companies may do, who controls them, how such control is exercised, how risks are shared and what are the returns from the activities they undertake. In other words, corporate governance framework is set by a combination of legislation and regulations, codes and best practice recommendations (autonomous legal sources) as well as internal company acts such as the corporate governance policy. The extent to which legislation or codes and best practice recommendations have force in individual countries depends on their legal systems, which may be regulatory or rely on autonomous legal sources. Relying on autonomous legal sources, which are then followed to the greatest extent possible, is typical of countries with high corporate governance culture.

The evolving debate regarding the purpose and the interest of companies on a global level is a logical consequence of the development of the existing corporate governance system, intending to make companies more transparent and sustainable. At the same time, the discussions point to a potential paradigm shift and the beginning of a real change in the role of companies in society.

Crises have shown that the dominant influence of a particular group of stakeholders cannot be determined once and for all. This notion is supported by the response to the Covid-19 pandemic, during which the importance of particular stakeholder groups has changed significantly in response to ever-changing circumstances and is continuously adapting. The management and supervisory bodies need to ensure that trade-offs between different stakeholder interests are addressed in line with the company's obligations towards these groups as well as the long-term health of the company. To achieve this, the management and supervisory bodies must have a common understanding of the company purpose and strategy and define a framework that identifies the relevant stakeholders of the company and the responsibilities towards each of them.

Sound corporate governance should ensure sustainable, responsible, and efficient operation of companies. The confidence of legislators and the public in sustainable and responsible business is crucial if companies are to freely pursue their value creation strategies. The confidence of the existing and potential shareholders is key to their investments in the company, thereby enabling companies to develop on the traditional capital markets as well as to access venture capital markets.

Respect for human rights in business is one of the fundamental prerequisites of modern constitutional democracies based on the rule of law and the protection of human dignity. Companies are obliged to respect and protect human rights and fundamental freedoms in their operations, both in domestic and international markets.<sup>1</sup> In line with this premise, modern corporate governance must maintain a balance between economic, environmental and social objectives, as well as between individual and collective objectives. In recent years, an increasing number of companies have been addressing issues such as sustainability of operations and sustainable development, diversity and gender equality, and integrated reporting, and have considered them as prerequisites for commercial and long-term success in partnership with relevant stakeholders. On the one hand, in the European Union, the European Commission intervenes in the business operations and the functioning of companies with its recommendations and legislation making certain social objectives legally binding. Such regulation has far-reaching consequences for the competitiveness of companies and the economy. On the other hand, there is a widespread perception among various experts, market players and companies that self-regulation is preferable to legislation.

Corporate governance codes are the main instrument of self-regulation in corporate governance. The extent to which the combination of legal regulation, non-legally binding but recommended guidelines and self-regulation at the level of an individual company inspires investor confidence and supports sustainable development is a matter for capital market players to determine.

(Corporate) governance codes are sets of non-binding recommendations to improve and guide corporate governance practices, considering the specific legal and business environment.<sup>2</sup> Such codes are usually

<sup>1</sup> With the adoption of the National Action Plan on Business and Human Rights (2018), Slovenia committed to including the UN Guiding Principles on Business and Human Rights as binding and autonomous legal sources in the Slovenian legal order.

<sup>2</sup> Code: Short for this code (the Slovenian Corporate Governance Code for Listed Companies) and thus capitalised herein.

based on certain principles and focused on country-specific issues. Their primary task is to raise the standard of good corporate governance practice and promote reforms in this field. Corporate governance codes serve as benchmarks for the implementation and monitoring of corporate practices and policies at the company level. Companies follow corporate governance codes on a 'comply or explain' basis. A company should provide adequate explanations for deviations from the recommendations of the reference code in the corporate governance statement.

Before the adoption of this version of the Slovenian Corporate Governance Code for Listed Companies (hereafter: Code), the version of the Code, which was jointly drawn up and adopted by the Ljubljana Stock Exchange Inc. and the Slovenian Directors' Association on 27 October 2016 and enforced on 1 January 2017 was valid. The present version of the Code is the sixth amendment to the first Code from 2004.

Reasons for the revision of the Code:

- In five years since the adoption of the previous version of the Code the regulatory environment in the field of corporate governance has changed. The key changes in the legislation during this period have been included particularly in major amendments to the Companies Act (ZGD-1), including comprehensive amendments that influenced the field of the companies' corporate governance, reporting and public disclosures on corporate governance. Changes have been brought to the Slovenian regulatory environment by – among other things – the implementation of the so-called Shareholder Rights Directive II (Directive (EU) 2017/828) and the Implementing Regulation (EU) 2018/1212 as regards the encouragement of long-term shareholder engagement, as well as of the Non-Financial Reporting Directive (NFRD). Other important issues at the EU level include corporate sustainability and sustainability reporting, which are increasingly being addressed in legally binding instruments rather than merely best practice recommendations.
- In addition, during this time the international as well as Slovenian recommended practice of corporate governance has changed. New or revised Codes have been adopted by many other European countries (i.e., Austria, Belgium, Denmark, Finland, France, Germany, Italy, Lithuania, the Netherlands, Norway, Portugal, Spain, Sweden, Ukraine, the United Kingdom). New recommended practice of corporate governance has also been developed in Slovenia in the form of expert positions and recommendations published by the Slovenian Directors' Association in response to the practical challenges of corporate governance, as well as new or updated autonomous sources (i.e., *Guidelines for Audit Committees for External Audit Quality Monitoring*, Agency for Public Oversight of Auditing and Slovenian Directors' Association, 2018; *Good Practice Recommendations on Employee Participation in Management and Supervisory Bodies*, Slovenian Directors' Association, 2018; *Corporate Governance Code for Companies with Capital Assets of the State*, Slovenian Sovereign Holding, 2021; *A Practical Guide to Conflicts of Interest*, Slovenian Directors' Association, 2021; *Guidelines on the Remuneration Policy and Remuneration Reporting for Members of Management and Supervisory Bodies - for Listed Companies*, Slovenian Directors' Association, 2018).
- The third reason for amending the Code is the results of the analyses of the use and code compliance presented in the form of the *Report on the Analysis of Compliance with the Slovenian Corporate Governance Code for Listed Companies for all public companies during the 2017 – 2020 period*. The amendments were also influenced by feedback provided by issuers as the users of the Code. The analysis of compliance with the Code and issuers' feedback made it clear which provisions of the Code the companies comply with and which disclosures of deviations from the Code are the most frequent. Moreover, it also became clear which provisions were not written clearly enough, which in turn is reflected in the quality of explanations of deviations from the code.

In addition to the legislation requiring companies to disclose information on the extent of deviation from the corporate governance codes in their corporate governance statements, the authors of the Code periodically prepare analyses of the statements of compliance with the Slovenian Corporate Governance Code for Listed Companies. Such analyses enable assessments of the quality of disclosures of deviations in Slovenian public companies. The results of the analysis of compliance with the Code for the 2017-2019 period show that, while the absolute number of companies in the sample decreased between 2017 and 2019 because of the gradual delisting of companies from the organised securities market, the relative number of companies applying the Code and explaining the deviations increased over the period under review, from 63% in 2017 to 70% in 2019. During the period under review, no company in the sample, which does apply the Code, declared full compliance with the Code. The most common deviations in the period under review are linked to the corporate governance framework and the institute of diversity policy, independence, training, and

evaluation of the members of the supervisory board and the establishment of an internal audit function. The absence of full compliance with the Code's recommendations shows that companies did not simply make empty statements of compliance as was sometimes the case in the past, but rather considered the specific features of corporate governance and gradually raised the level of quality of disclosures regarding deviations from the Code. Deviations do not necessarily imply a lower quality of corporate governance, provided that the company uses and presents alternative practices, which follow individual recommendations, and explains them adequately. Thus, in some cases, explanations of deviations from the Code may indicate that a company has found alternative solutions that also imply better corporate governance for such a company.

Some amendments to the Code from the previous version are editorial and nomotechnical and as such are not specifically underlined. There are also some new definitions, where new terms have been added and some existing terms have been updated.

The Code, however, also contains some important substantive changes:

- In chapter 1 titled **Corporate Governance Framework** a new institute has been added – **Remuneration Policy and Remuneration Reporting for Members of Management and Supervisory Bodies**, defined in Article 294a and Article 294b of the amended Companies Act (ZGD-1). The main purpose of a remuneration policy is to provide clearer recommendations in the field of the making and publication of remuneration policy and annual remuneration reports, the content of which is legally regulated and defined in more detail in the Guidelines on the Remuneration Policy and Remuneration Reporting for Members of Management and Supervisory Bodies - for Listed Companies, which were drawn up and published by the Slovenian Directors' Association. Institute of **Sustainable Operations** was also added to the same chapter. Sustainability has been gaining importance as an aspect of company's operations winning trust of the relevant stakeholders and wider community. Sustainability reporting is an excellent tool for measuring and monitoring the most important impacts that the company has on the society and the natural environment. Sustainability reporting also discloses information about the company's values and the link between the company's strategy and its commitment to sustainable operation. The institute of Diversity Policy, which has been legally regulated in more detail in the latest amendment to the ZGD 1, has also been updated. The focus is on taking into account different aspects of diversity and on developing and updating Diversity Policy in companies.
- In chapter 2 titled **Relations with Shareholders** the recommendations regarding the conduct of general meetings with the use of electronic means without physical presence have been updated. The need to hold such general meetings arose in 2020 because of the Covid-19 epidemic, which resulted in the adoption of specific intervening amendments to ZGD-1 for the duration of the epidemic. At the same time, making such conduct of meetings possible reflects the growing economic policy trend towards greater digitalisation. General meetings conducted with the use of electronic means and without the need for physical presence can attract a wider range of shareholders, thus increasing trust in companies and encouraging retail investors to invest in capital markets. This chapter summarizes some of the legal provisions and presents recommendations regarding counterproposals, preparation for general meetings, and the related exercise of the shareholder's right to information.
- Further, important amendments have been introduced to chapter 3 titled **Supervisory Board**. Amendments primarily refer to the procedure of supervisory board member selection or the preparation of a proposal for the future composition of the supervisory boards when the term of office for all or most of the supervisory board members appointed by the general meeting expires. Recommendations regarding supervisory board independence and tasks, training of members and board evaluation have also been updated. One of the new recommendations also addresses the challenges of digitalisation of the supervisory board's operations and the related access to the archive of documents after the end of the term of office. Other amendments concern the definitions of the tasks of the supervisory board committees and the division of responsibilities between the remuneration committee and the nomination committee, if one is established.
- In chapter 4 titled **Management Board** recommendations regarding the composition and appointment of the management board, highlighting the competency profile for each management board member, contracts with management board members and management board remuneration respecting the remuneration policy have been added.

- Important supplements have been added also to chapter 5 titled **Independence and Loyalty**. A new institute of **Related Party Transactions** has been added. Regulation of these transactions is one of the substantive strands of Directive (EU) 2017/828 and the issue has already been adequately addressed in the national legislation. The recommendations of this Code refer in particular to the prior approval of the transaction and the disclosure of transaction details as safeguards in these transactions.
- In Chapter 6 titled **Audit and System of Internal Controls** recommendations on the selection of auditor of the annual report as well as recommendations on internal audit have been supplemented. Recommendations concerning internal controls system and risk management have also been supplemented substantially. The amendments mainly reflect amendments to the relevant legislation as well as good practice guidelines and recommendations in these fields.
- Finally, changes to the chapter titled **Transparency of Operations** should also be highlighted. They are harmonised with amendments to the legislation and the Ljubljana Stock Exchange Rules and facilitate better comparability of companies as well as provide greater transparency for their stakeholders.

In line with the above-described amendments to the recommendations, **the Code** also comprises some amendments to **its appendices**. The updated appendices allow for greater transparency in the parts that concern the functioning of the supervisory board committees (Appendix A), the independence of supervisory board members (Appendix B) and the reporting on the composition of the management board and the supervisory board (Appendix C) while remuneration reporting is now part of the detailed reporting in the company's annual report per Article 294b of the Companies Act (ZGD-1) and is no longer part of the corporate governance statement.

The Code's recommendations apply in following the 'comply or explain' principle, but some principles also sum up the legal provisions to facilitate a better understanding of specific corporate governance content or institutes. To make a clear distinction between the mandatory and the dispositive nature of individual principles, we have pointed to the non-derogable nature of the recommendation in the text of each recommendation that sums up a statutory provision by means of a note quoting the article of the law.

The purpose of the Code has remained the same. The Code offers recommendations for governance, supervision, and management of companies listed on the Slovene regulated market. The recommended practices can also be applied by other companies, to contribute to a transparent and understandable governance system in Slovenia, which promotes both domestic and foreign investor confidence in the Slovene corporate governance system, as well as the confidence of employees, other company stakeholders (regulators, banks, suppliers, etc.) and the public.

## II. OPREDELITEV POJMOV

The definitions of terms refer exclusively to the use of the respective terms in this Code and are intended to enhance the understanding of the Code's main and supporting principles. They have been taken from the valid provisions of the Slovene company law and the Market in Financial Instruments Act and are given in alphabetic order.

**Committees:** The supervisory board or the board of directors may establish special committees, which may be set up for the entire mandate of the board or only at extraordinary events, to effectively resolve complex issues.

**Conflict of interests:** A situation when a person's impartial and objective performance of tasks or decision taking solely in the company's interest within the function (s)he is performing is compromised due to personal economic interests, his/her family members' interests, or due to special bias or any other interests related to other natural or legal persons.

**Controlling:** The relation between a controlled and a controlling undertaking, or a similar relation between any natural and legal persons.

**Corporate governance:** Corporate governance governs the relationships between the management body, the supervisory body, the shareholders, and stakeholders of a company. Corporate governance also defines the structure (organisation) that supports the company's objectives, the means to achieve them and the monitoring of results. The purpose of corporate governance is to help create the environment of trust, transparency and accountability needed to encourage long-term investment, financial stability, and business integrity, thus supporting stronger growth and development of a more inclusive society.

**Corporate Governance Policy:** The framework of corporate governance as drawn up by the supervisory board and the management board, wherein they commit to and publicly disclose how they will supervise and run the company. The Corporate Governance Policy consists of:

1. A description of all the prime governance guidelines, considering the company's set objectives, values, and social responsibility,
2. The indication as to which CG code the company abides by,
3. An outline of the company's groups of stakeholders and relevant stakeholders, its communication strategy and cooperation with individual groups of stakeholders (creditors, controlled undertakings, suppliers, customers, employees, the media, analysts, state bodies, the local and wider community),
4. The procedure of informing controlled undertakings and shareholders of the group's strategy and corporate governance standards,
5. The policy of transactions between the company and related companies, including their members of the management and supervisory boards,
6. The commitment that the supervisory board will set up a system of detecting conflicts of interests and independence in members of the supervisory/management board, and measures to be applied in case of circumstances that have a material effect on their status in relation to the company,
7. The supervisory board's commitment to assess its efficiency,
8. The intent to set up supervisory board committees, if needed, and an outline of their tasks,
9. A clear system of division of responsibilities and powers among members of managerial and supervisory bodies,
10. Rules governing the relationship between the company and related companies, including its members of the management/supervisory board, which are not subject to statutory provisions on conflicts of interests,
11. A definition of the company's communication strategy, including the high-quality standards for drawing up and the disclosure of accounting, financial and non-financial information,
12. The protection of interests of the company's employees, which is achieved by defining the manner, content, and standards of their work as well as by ensuring an adequate level of ethical conduct in the company, including the prevention of discrimination.

Corporate governance statement: Due to a required higher level of transparency in accordance with Article 70 of Companies Act, all companies subject to audit are required to disclose the corporate governance statement, which is a part of the business report. The content of the corporate governance statement must comply with Article 70 of the Companies Act.

**Counterproposal:** Enables a shareholder to provide well-grounded counterproposals to the proposed resolutions that are on the agenda of the company's general meeting. A counterproposal cannot constitute a proposal for deciding on an additional item to be put on the agenda. Shareholders may present counterproposals up to after 7 days following the convocation of the meeting as well as at the meeting itself, whereby the 7-day period after the published convocation is meant to bind the company's management to notify all other shareholders of the content of the counterproposal.

**Diversity policy:** Document defining company's commitments to diversity undertaken with regard to the representation in management and supervisory bodies from the perspective of, for example, gender, age and professional competences. Diversity policy must contain specific objectives and ways of their implementation.

**Extended management:** Company's extended management as defined by company's internal acts.

**Independence:** Absence of any influence on a person's impartial, professional, objective, honest and comprehensive assessment in performing their tasks or in their decision taking within the function they are performing.

**Indirect holding:** An indirect holder of shares, participating interests or other rights that ensure participation in governance or capital is a person for whose account another person – who is the direct holder – acquired these shares, participating interests or other rights that ensure participation in governance. A person is the indirect holder of shares, participating interests or other rights that ensure participation in governance, or of other securities whose direct holder is another person, whereby the person who is the indirect holder controls the person who is the direct holder.

**Inside information:** Any accurate information referring indirectly or directly to one or more issuers of financial instruments (shares, bonds, etc.) or to one or more financial instruments, which has not yet been made available to the public or has not yet been released, and which would, if publicly disclosed, likely have a material impact on the prices of these financial instruments and on the prices of related derivative financial instruments, and which a reasonable investor would be likely to use as part of the basis for their investment decisions.

**Institutional investors:** A legal person whose main activity is investing its own assets to maintain the asset value and generate returns on such investments (insurance companies, pension funds, asset management companies, etc.).

**Listed company:** A joint-stock company whose shares are listed on a regulated market in compliance with the law.

**Major holding thresholds:** The proportions of voting rights in a listed company held by a single shareholder, representing 5, 10, 15, 20, 25 per cent, 1/3, 50 and 75 per cent of all the voting rights in the respective public company. In determining major holdings, all the company's shares with voting rights are considered, including own shares and shares with a limited exercise of voting rights either due to the law or the company's articles of association, pursuant to the law.

**Management body:** Bodies or persons authorised by law or a company's acts to run its business; listed companies are managed either by the management board (two-tier governance system) or the board of directors (one-tier governance system), which do not delegate the company's regular operations and representation to executive director(s), who are also member(s) of the board of directors.

**Managerial and supervisory bodies:** the management board, the board of directors and the supervisory board.

**Minority shareholders:** The lowest percentage of shareholders, as stipulated by law or the articles of association, who are entitled to the so-called minority rights (the convening of a general meeting at the initiative of shareholders who represent 5 per cent of the company's share capital, and the request for the expansion of the agenda of the meeting; voting on shareholders' election proposals prior to the proposals of the supervisory board or the board of directors, if so requested by the shareholders who represent 10 per cent of the company's share capital; recalling of a supervisory board member or a member of the board of directors through court proceedings, if so requested by the shareholders who represent 10 per cent of the company's share capital).

**Official publication site of the company:** The pre-selected official place of publication of a public company for the disclosure of regulated and inside information, of which the company shall inform the public on the day of acquiring the status of a public company.

**Pre-emptive right:** The right of existing shareholders to buy, in the event of increase in the company's share capital, shares of a new issue first (before it is offered to any third party), in proportion to their current holding of the company's share capital. The pre-emptive right to shares of a new issue is one of the property rights carried by shares, which facilitates holders to maintain their existing proportionate interest or equity investment, and thus fosters unchanged internal relations among shareholders upon capital increases.

**Public disclosure:** The adequate disclosure of data or information, either verbally at the general meeting or in writing in the materials for the meeting, in the company's annual report, on its website, in newspapers, at an official place of publication in case of disclosure of regulated and inside information, or in another prescribed manner pursuant to the law.

**Qualifying holding:** A direct or indirect holding of a participating interest, shares or other rights in a legal person that enable the holder to acquire either min. 10 per cent of voting rights, or a min. 10 per cent stake in the respective legal person's capital, or an amount of voting rights or a stake in the legal person's capital that are less than 10 per cent but nevertheless make it possible to exert a significant influence over the management of the undertaking in which that holding subsists.

**Regulated information:** Every piece of information that a public company or another person that requested admission of securities to trading on a regulated market without the consent of the public company must disclose pursuant to the Market in Financial Instruments Act.

**Related persons:** Legally independent persons, as defined by individual laws applicable to individual companies, who are related to each other either in terms of governance or capital, personally or in some other manner, whereby these relations make them cooperate in setting up their business policy and act in concert to achieve common business objectives, or so that one person can direct or materially influence the other person(s) in deciding on the matters of finance and business operations, or so that one person's business operations or business results materially influence another person's business operations or business results.

**Related parties:** Related companies or individuals, as defined primarily in International Accounting Standards (particularly IAS 24 Related Party Disclosures).

**Related companies:** Companies as defined in Article 527 of the Companies Act.

**Relevant stakeholders** are such individuals and groups of stakeholders whose actions are, directly or indirectly, essential to the achievement of objectives and the long-term development and sustainability of the company. Relevant stakeholders can be identified and prioritised according to the level of their power and legitimacy in the company.

**Remuneration policy:** A document setting out the company's commitments regarding the remuneration of its management and supervisory bodies and executive directors. The remuneration policy must be clear and comprehensible, with a detailed description of all components of fixed and variable remuneration, including all bonuses and benefits. It must contain predetermined criteria for financial and non-financial performance and methods for determining whether such criteria are satisfied. The remuneration policy must specify how each remuneration paid contributes to the promotion of business strategy, long-term development, and sustainability of the company. The Company should submit the remuneration policy to the general meeting for a vote whenever a significant change is made, and in any event at least every four years.

**Remuneration report:** A document containing a comprehensive overview of the remuneration of the management and supervisory bodies and the executive directors, including all benefits in any form, granted or due during the last financial year to individual members, including newly recruited and former members, in accordance with the company's remuneration policy. The members of the management and supervisory bodies are responsible for the drawing up of the remuneration report. The remuneration report must be audited, and an audit report drawn up and annexed to the remuneration report.

**Significant shareholder:** A person whose shares indirectly or directly represent 5 per cent or more of a listed company's share capital, or 5 per cent or more of the voting rights in a listed company.

**Stakeholders:** Stakeholders in companies are individuals and interest groups that contribute, either voluntarily or involuntarily, to the capacity or activities of companies to create added value and are therefore also the vehicle of potential gains and risks in the company.

**Statement of Independence:** A statement signed by all members of a supervisory board in accordance with recommendation 13 of this Code and Appendix B.

**Supervisory body:** Bodies authorised by law or company's acts to supervise its business and its management body; listed companies are supervised either by the supervisory board (two-tier system of governance) or the board of directors (one-tier system of governance), which in turn delegate the company's regular operations and representation to executive director(s), who are also member(s) of the board of directors.

**Sustainability:** An approach to corporate decision-making and behaviour that aims to create long-term value for the company, its stakeholders, and the environment in which the company operates. Sustainability must address environmental, economic, social and governance aspects and be based on a balanced, global, and comprehensive approach. A sustainable approach has a significant impact on attracting and maintaining the trust of relevant stakeholders and the wider public.

**Transparency:** The level of information disclosure about a securities issuer, which enables the recipients of such information (investors) to correctly assess the financial position, business operation, risks, and the management of the issuer's company, and helps them to take an informed investment decision. It is one of the main components of the corporate governance system, its key elements being: quality of disclosure, frequency of information delivery, availability. High quality disclosure has the following features: comprehensiveness or completeness, reliability, relevance, timeliness, comparability.

# III. RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

## CORPORATE GOVERNANCE FRAMEWORK

- The key objective of a joint-stock company engaged in a revenue-generating business is long-term and sustainable maximising of the company's value. Should the company have other objectives, they should be defined in the memorandum of association.

## CORPORATE GOVERNANCE POLICY

- 2. The management board works together with the supervisory board in drawing up and adopting a Corporate Governance Policy ("CG Policy"), thereby laying down the major guidelines of corporate governance as compliant with the company's long-term objectives. The CG Policy is communicated to all the relevant stakeholders by being published on the corporate website.**
  - 2.1 In drawing up the CG Policy of a company, the management board cooperates with the supervisory board, whereby it takes account of the company's development needs and its specificities, such as its size and area of business. In the CG Policy, a company should define its relevant stakeholders, forms of cooperation and relations with individual stakeholder groups. The supervisory board partakes in drafting the CG Policy by drawing up its own activities schedule for each financial year and by defining the issues to be addressed. These include adoption of a meeting calendar, key contents of supervision, form of communication with the management board, the role of the supervisory board in adopting the Corporate Governance Policy and Diversity Policy, which is performed with regards to the representation in management and supervisory bodies, supervisory board performance assessment, the role of the supervisory board in assessing internal controls system (especially risk management, internal audit and financial and operative control systems as well as the system of compliance with legislation and relevant standards), and the procedure of drawing up general meeting resolutions, chiefly the proposed appointments of supervisory board members. In drawing up the CG Policy of a company, the company may refer to other publicly available documents.
  - 2.2 The CG Policy is updated regularly and is always compliant with the company's latest governance policy. It contains the date of its latest update and is available on the company's website.

## COMPANY AND STAKEHOLDERS

- 3. In relations with its stakeholders, a company exercises its rights with due responsibility and meets the obligations it has undertaken in a manner that is compatible with the company's objectives and that serves its long-term interests.**
  - 3.1 The company provides for appropriate communication and mutual protection of confidentiality as well as for the maintenance of best business practice with representatives of individual stakeholders.
  - 3.2 In adopting actual decisions, a company considers the legitimate interests of all the relevant stakeholders. Unless considered a business secret or inside information, the company communicates all decisions having a direct impact on a given stakeholder group to the respective group.
  - 3.3 Within the framework of regular reporting, a company also reports about its relationships with stakeholders.

## DIVERSITY POLICY

- 4. A supervisory board determines the diversity aspects appropriate for the company's management and supervisory bodies and in accordance with the relevant law and best practice recommendations. The supervisory board draws up and adopts the Diversity Policy performed with respect to the representation in management and supervisory bodies.**
- 4.1 The Diversity Policy defines target diversity pursued with respect to the representation in management and supervisory bodies from the perspective of gender, age, professional competences, continuity of the composition of the body and other personal characteristics of the members as appropriate for the company with regards to its characteristics. A company implements the Diversity Policy by including the specific objectives and criteria related to diversity aspects in the company's internal acts, which define procedures for the selection of members of the company's management and supervisory bodies and other procedures within the company.
- 4.2 The Diversity Policy specifically defines gender diversity targets to be pursued concerning the representation in management and supervisory boards. The Policy determines the ratio of both genders in the bodies appropriate for the company, depending on the size of the bodies, the objectives pursued by the company, the impact on the company's selection process for members of the management and supervisory bodies and other company processes.
- 4.3 The Diversity Policy sets out specific objectives for each aspect of diversity and for each body separately and sets out how these objectives will be implemented, as well as the implications for human resource procedures and other processes in the company.
- 4.4 If a Diversity Policy is not implemented in the company, this is explained in the Corporate Governance Statement. The explanation includes an indication of when and how the company will prepare a Diversity Policy.<sup>3</sup>

## CORPORATE GOVERNANCE STATEMENT

- 5. The company includes a CG statement in the company's business report. Until the CG statement is drawn up, the supervisory board, within the framework of the adoption of the company's annual report, defines its position on the corporate governance in the supervisory board performance report.**
- 5.1 Companies formally access the Code in accordance with the relevant legislation (the reference code) and fully apply the Code appropriate to them. If a company should apply another corporate governance code,<sup>4</sup> it should do so in addition to this Code. Compliance with the recommendations of this Code is considered as an adequate justification as to why the company failed to comply with any different recommendations of the other code. The CG statement should, in a transparent manner, disclose compliance with recommendations of each code separately.<sup>5</sup>
- 5.2 In the corporate governance statement, the management and supervisory bodies should, in compliance with the relevant legislation, take a position on deviations from any recommendations of the Code, which the company has not complied with or has not fully complied with throughout the financial year.
- 5.3 For each deviation the company discloses how and why it deviated from a recommendation of the Code. Explanations of deviations must be substantive. Merely stating the fact that none of the recommendations of this Code are binding for the companies is not an appropriate explanation.
- 5.4 Should the company, instead of the recommended practice, have its own corporate governance practice, which is more suitable for the company, the company should state and explain the practice, as well as explain these deviations. The company should also state why this practice is more suitable for the company.
- 5.5 In the CG statement the company discloses the composition of the management and supervisory boards by name in tables, which are in Appendix C1 and C2 herein. For each management

<sup>3</sup> Article 70(5)(7) of the Companies Act (ZGD-1).

<sup>4</sup> Other corporate governance reference codes: Corporate Governance Code for State-Owned Enterprises, Corporate Governance Code for Non-Public Companies. A company may decide to apply its own code, which, however, must be accessible to the public.

<sup>5</sup> Article 70(5)(1) of the Companies Act (ZGD-1).

- or supervisory board member the company completes all data contained in the tables in the Appendix herein.
- 5.6 At least once in every three years a company ensures external assessment of the adequacy of the CG statement. An independent institution with relevant professional references must perform the external assessment. External assessment is not considered as business assurance, which is provided by the accounting experts with public authorisation (auditors) or accounting experts without public authorisation (e.g. internal auditors). It is performed separately from the audit of the annual report and is not performed by the institution, which is the provider of auditing services for the company or is in any way connected with them.

## REMUNERATION POLICY AND REMUNERATION REPORT FOR MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES

- 6. The supervisory board, in cooperation with the company's management board, draws up the Remuneration Policy for Members of Management and Supervisory Bodies in accordance with the relevant legislation<sup>6</sup> and best practice recommendations in this area<sup>7</sup> and submits it to the general meeting for approval, where the nature of the general meeting's resolution is merely consultative.**
- 6.1 If the proposed Remuneration Policy is not approved by the general meeting, the company puts an amended Remuneration Policy to a vote at the next general meeting. The company may only pay remuneration that has been submitted to the general meeting for a vote, irrespective of whether it has been approved.
- 6.2 Remuneration Policy should distinguish between management and supervisory bodies.
- 6.3 Remuneration Policy must be adapted to the situation in the company and on the market so as to promote long-term sustainability of the company and to ensure that remuneration is in line with the company's performance and financial position.
- 6.4 Remuneration Policy cannot be substantially changed unless such changes are presented and proposed to the general meeting. The company submits the Remuneration Policy to a vote whenever a significant change is made, and in any event at least every four years. Permitted changes which are not material include technical changes to the remuneration decision-making process or changes to terminology linked to the Remuneration Policy.
- 6.5 The company may, under certain legal conditions, temporarily deviate from the Remuneration Policy.
- 6.6 The Company prepares a clear and comprehensible remuneration report with a complete overview of the remuneration, including all benefits in whatever form, provided or due by the company in accordance with the Remuneration Policy for the last financial year to each individual member of the management and supervisory bodies, including new and former members of those bodies, in accordance with the Remuneration Policy or relevant legislation and best practice recommendations in this area.
- 6.7 The Company must promptly make publicly available – on its website and at its official place of publication – the Remuneration Policy, the results of the vote of the general meeting and the remuneration report<sup>8</sup> for the last financial year. The Remuneration Policy and the Remuneration Report must be free of charge and publicly available for at least as long as they apply and for not less than ten years.

6 Article 294a of the Companies Act (ZGD-1).

7 Guidelines for drawing up remuneration policy and remuneration reporting for members of management and supervisory bodies, 2021 – under preparation

8 Article 294b of the Companies Act (ZGD-1).

## SUSTAINABLE OPERATION

- 7. Long-term viability of a company must be achieved in a sustainable manner, taking into account not only the economic but also the environmental, social and governance aspects. A company should draw-up a Sustainable Operation Policy which addresses the above aspects of the company's operations.**
- 7.1 Sustainable Operation Policy should include guidelines for identifying and acting on the company's sustainability priorities.
- 7.2 Sustainable Operation Policy is adopted jointly by the supervisory board and the management board of a company. The policy shall take into account the principle of transparent and timely communication of the company's sustainability performance indicators.
- 7.3 By way of Sustainable Development Policy, a company should promote development along the integrated value chain<sup>9</sup> and further develop cooperation between the company and other relevant stakeholders.
- 7.4 Sustainable Development Policy should include reasonable measures and due diligence guidelines for identifying risks and preventing serious harm in relation to human rights and fundamental freedoms, human health and environmental protection, fundamental labour rights, the prevention of discrimination and inequalities and the promotion and advancement of equal opportunities, consumer rights, fiscal responsibility and the prevention of corruption and other illegal practices. The policy should also include mechanisms to control non-financial risks, including risks of corrupt, dishonest, unethical or other unlawful conduct in the activities of the company, its subsidiaries, suppliers and subcontractors.
- 7.5 The company defines the relevant stakeholders who are significantly affected by its operations and/or who may have significant impact on the company and involves them, in an appropriate way, in the process of developing the bases for specific business decisions.
- 7.6 The company sets quantitative and/or qualitative targets to be pursued in relation to specific aspects of sustainable operation and specific actions, and the time schedule for their achievement. Sustainable operation targets must be monitored and must be relevant (both in terms of type and scope) to the long-term achievement of the company's (core) targets.
- 7.7 The company assesses the risks, including sustainable operation opportunities, and defines responses to such risks and promotes innovation for sustainable operation.
- 7.8 The supervisory board is responsible for overseeing sustainable operation.
- 7.9 The company discloses the sustainability report in electronic format as an integral part of the annual report on its website and at its official place of publication.

## RELATIONS WITH SHAREHOLDERS

### RELATIONS WITH SHAREHOLDERS

- 8. The company ensures a governance system that respects the principle of equal treatment of shareholders and fosters a responsible enforcement of shareholder rights. Under the same conditions, the company exercises equal treatment of all shareholders irrespective of whether they are legal or natural persons, institutional investors, local or international, state or a state capital investment manager.**
- 8.1 The company encourages all shareholders to be active and responsible in enforcing their rights, and to engage in mutual dialogue.
- 8.2 The company encourages all significant shareholders, institutional investors, and the state in particular, to publicly disclose their investment policy with respect to the stake they hold in the company concerned, i.e. their voting policy, the type and frequency of their engagement in the company's governance, and the dynamics of their communication with the respective company's managerial or supervisory bodies. The company is considered to have called its shareholders to make such a disclosure pursuant to this recommendation if the convocation of the meeting includes the respective invitation.

## MANAGEMENT AND SUPERVISORY BOARDS' ACTING IN THE BEST INTEREST OF THE COMPANY

9. **The management and supervisory boards are obliged to act exclusively in the best interest of the company irrespective of the will or wishes of individual shareholders and other stakeholders of the company. The boards act exclusively at their own discretion in the interest of the company and do not communicate with individual shareholders and other stakeholders about their decisions, their future conduct or company's performance outside of the mechanisms laid down in laws and recommended in this Code.**

## GENERAL MEETING

10. **The company must facilitate and encourage shareholders to actively enforce their voting rights by informing them of the convening and progress of general meetings in a timely and accurate manner and by holding general meetings with due responsibility. To facilitate the shareholders' right to be informed, the company must provide them with reliable data on the company and its related companies, as required for shareholders to make informed assessments of the items on the agenda.<sup>10</sup> Each shareholder has the right to attend the general meeting and there discuss the items on the agenda, ask questions and provide proposals, vote on proposals, as well as to be informed of the adopted decisions, on a non-discriminatory basis. The general meeting does not exercise voting rights only, thus also the holders of the preference shares without voting rights may attend the general meeting.<sup>11</sup>**
- 10.1 To the extent permitted by law or by the company's articles of association, the company may allow participation and voting in a general meeting with the use of electronic means without physical presence,<sup>12</sup> subject only to such requirements and restrictions as are necessary for the identification of shareholders and for secure electronic communication and to the extent which is proportionate to such objective.
- 10.2 It is recommended that the management board submit the decision to convene a general meeting with the use of electronic means without physical presence to the supervisory board for approval, together with the rules of procedure for the holding of such general meeting.
- 10.3 Companies adapt their rules and convocations to their specific technical solution for the holding of the general meeting, which should as a minimum provide the functionalities required by law for the holding of such general meetings. It is recommended that, depending on the technical solution chosen for the holding of the general meeting, companies also specify in their rules of procedure what technical requirements shareholders (or their proxies) must meet in order to be able to attend the general meeting or to complete the identification or authentication process which is a prerequisite for registration, attendance and participation in the general meeting (e.g. which browser they must be using, what internet connection capacity they must have, etc.).
- 10.4 The company publishes the rules for participation and voting at a general meeting held with the use of electronic means without physical presence on its website and at its official place of publication no later than at the time of convening the general meeting. If the company publishes the rules for participation and voting at a general meeting held with the use of electronic means without physical presence before the general meeting is convened, the said rules should be summed up in the notice of the general meeting.

10 Article 305 of the Companies Act (ZGD-1).

11 Article 315 of the Companies Act (ZGD-1).

12 Provision of Article 297(4) of the Companies Act (ZGD-1) allows joint-stock companies to facilitate an electronic general meeting based on provisions of the articles of association. An electronic general meeting is organised as a general meeting with the physical presence of management board members, chairman of the general meeting, supervisory board members, a notary, and shareholders at the venue of the general meeting, while enabling shareholders either physically or remotely - using electronic means. The Slovenian legal order also introduced the possibility of holding a so-called virtual general meeting under the Act Determining the Intervention Measures to Mitigate the Consequences of the Second Wave of COVID-19 Epidemic (Official Gazette of the Republic of Slovenia, No. 175/2020; ZIUOPDVE), exclusively for the duration of the epidemic. Under the aforementioned intervention law, a virtual general meeting was conceived as a general meeting taking place in an entirely digital environment, and not at a specific physical location. In a virtual general meeting, shareholders or their proxies attend and vote at the meeting as well as exercise other rights by way of electronic means. Members of the management board, members of the supervisory board, the chairman of the general meeting and a notary also attend the virtual general meeting in a digital environment by way of electronic means.

10.5 Any institution or individual planning an organized collection of proxy notices for the general meeting (hereinafter also referred to as “organiser of the collection of proxy notices for the general meeting”) informs the management board of such an intention in advance of the actual collection. The company thereupon posts the information on who is organising the collection of proxy notices and for which general meeting on its website, along with other information on the convening, and at its official place of publication. Such announcement includes the details provided by the organiser of the collection of proxy notices, in particular:

- Basic details of organiser of the collection of proxy notices and a list of proxies;
- Contact details of organiser of the collection of proxy notices (address to which proxy notices are to be mailed);
- The date of beginning of organised collection of proxy notices and the period available for sending proxy notices;
- Proxy notice form, unless technically individualised and sent to shareholders per post.

Notwithstanding the preceding paragraph, the company is not responsible for the accuracy, truthfulness and completeness of the data received from the organiser of the collection of proxy notices. To inform all shareholders equally, the organiser of the collection of proxy notices in an organised process of collection of proxy notices must take into account any extensions of the agenda (publish a new clean copy of the agenda of the general meeting) and any published counterproposals received from the shareholders, along with any potential positions taken by the management board, immediately upon the expiry of the statutory period for the submission of the requests for the extension of the agenda of the general meeting or for counterproposals which the company is obliged to make publicly available.

In the notice of the general meeting, the company may – if it has the relevant information – provide more detailed recommendations and the envisaged procedure to be followed if institutions or individuals other than the company should organise the collection of proxy notices for the general meeting.

Not later than one month after the general meeting, the company also discloses the costs of the organised collection of proxy notices.

- 10.6 On its website, the company provides, along with the notice of the general meeting, sample registration for the general meeting. In addition to the sample for direct registration to the general meeting, the company also provides a sample registration to the general meeting with participation and voting proxy.<sup>13</sup>
- 10.7 The company publicly discloses any proposals received to expand the agenda of the general meeting and any counterproposals of shareholders sent to the company within seven days of the publication of the notice of the general meeting in a single joint publication along with the new clean copy of the agenda of the general meeting and any potential position taken by the management board or the supervisory board with respect to the proposals of the shareholders.<sup>14</sup>
- 10.8 Not later than upon convening the general meeting, the company provides understandable information about the consequences that the potential adoption of any proposed resolutions might have for the existing and potential shareholders, and substantiates why such resolutions should be adopted – either resolutions on changes of the company’s articles of association (capital increase or decrease, waiver of existing shareholders’ pre-emptive right, changes in the nominal value of shares, transformation of the type of shares) or resolutions on the company’s corporate restructuring (division, merger, transfer of property, change in legal form of organization).
- 10.9 In cases of a proposed resolution on listing, transfer of listing to another regulated market or a proposed resolution on the delisting of shares from the regulated market, the company communicates in a clear manner the consequences of such a proposal and resolution being adopted, both for the existing and potential shareholders, and substantiates the proposed resolution. The company also discloses in due time the presumed activity plan of the delisting from the regulated market.

13 Article 296(2) of the Companies Act (ZGD-1).

14 See also Articles 298 and 300 of the Companies Act (ZGD-1).

- 10.10 If the general meeting is to elect members of the supervisory board, the company's substantiation of the proposals for such resolutions must include, along with the statutorily required data, at least the information on proposed nominee's current and past membership on other managerial or supervisory bodies and any potential conflicts of interests and information whether the proposed nominee is independent in relation to the company in accordance with the criteria set out in this Code (Appendix B).
- 10.11 If the general meeting is to elect members of the supervisory board, the proposer must disclose the process of finding, nomination, and evaluation of the nominees for the members of the supervisory board.
- 10.12 The general meeting takes separate votes about the resolution on the distribution of accumulated profit, and about the resolution on formally discharging managerial and supervisory bodies from responsibility, even though both matters are discussed under the same item on the agenda. The general meeting likewise adopts separate resolutions for discharging the management board on the one hand and the supervisory board on the other.
- 10.13 If the general meeting is to adopt a resolution on having reviewed the annual financial statements, or if the general meeting has the power to endorse the financial statements, a representative of the company's certified auditor is summoned to the meeting.
- 10.14 If the company has no rules of procedure of the general meeting which would govern individual issues otherwise, the chairman of the general meeting determines the order of voting on proposals and counterproposals for resolutions according to their assessment of which has better chances to be adopted. If no such assessment is possible, the vote should first be taken on the proposals of the management board or the supervisory board and then on the shareholders' counterproposals according to the time of receipt of the counterproposal, with the earlier one taking precedence over the later one.
- 10.15 The management board should exercise due professional diligence in the preparation for the general meeting and the related exercise of the shareholder's right to be informed, including (but not limited to) arranging for the availability of an appropriate group of persons with relevant expertise who will be able to provide the company's management board with information necessary for them to effectively fulfil obligations in relation to shareholders' information requests.
- 10.16 In the public announcement about the conducted general meeting, the company provides statutorily required information as well as:
- A clear identification of the five largest shareholders present or represented at the meeting, along with their respective numbers of shares held and the numbers of their voting rights; voting rights should also be given as a percentage of the total voting rights in the company and as a percentage of the voting rights in the respective class of shares;
  - Notice on the distribution of accumulated profit, as well as data on the dividend amount, the record date when the shareholders entitled to dividend payments are to be identified, and the predetermined payable date;
  - When the adopted resolutions refer to the issue of new serial securities, a detailed account of the rights and obligations arising from such securities.

## SUPERVISORY BOARD

### COMPOSITION AND NOMINATION OF SUPERVISORY BOARD

- 11. The composition of the supervisory board ensures diligent supervision and decision taking that is in the best interest of the company. Members of the supervisory board are appointed with a view to their complementary professional expertise, experience and skills, and the objectives set out in the Diversity Policy implemented with regard to gender, age, professional profile and other aspects of diversity defined in such Policy.**
- 11.1 The supervisory board has a sufficient number of members to facilitate efficient discussions and the adoption of quality decisions based on the diversity of its members' experience and skills, as well as adequate composition of supervisory board committees.

- 11.2 In the proposed new composition of the supervisory board for the general meeting all nominees for members of the supervisory board are independent. The recommendation to appoint independent members applies both to shareholders as well as workers' councils. The fact that a supervisory board member, nominated by a workers' council, works at the company does not preclude his/her independence in accordance with Appendix B of this Code.
- 11.3 If the general meeting or works council do not abide by the recommendations on nomination of independent supervisory board members and the adopted Diversity Policy, the company discloses this information in the CG statement.
- 11.4 When terms of office of new supervisory board members begin and upon the appointment of special supervisory board committees, the chairman of the supervisory board ensures that the new members of the supervisory board and its committees receive an efficient induction to the work on the board, whereby the management board and secretary of the supervisory board provide organizational support. If more than half of the members in the composition of the supervisory board are replaced, the supervisory board, in due time after the completed induction to work of the new supervisory board members, confirms or adopts the Corporate Governance Policy and makes firm commitments with respect to its activities related to establishing and implementing their key corporate governance institutes.

## SELECTION PROCEDURE FOR SUPERVISORY BOARD MEMBERS

### **12. The selection procedure for new supervisory board members, and the procedure of drawing up the related proposal of the general meeting resolution for appointing new board members, are transparent and defined in advance. In selection, the supervisory board pursues Diversity Policy objectives concerning the representation in the company's supervisory bodies.**

- 12.1 In assessing a candidate's eligibility for a supervisory board member, legal requirements are applied as well as the following additional requirements, to the greatest possible extent:
- Adequate personal integrity and business ethics;
  - Min. university-level education (old programme) or master's degree in a profession (2<sup>nd</sup> Bologna level);
  - Adequate experience in supervision, corporate governance or management, or work experience in the company's industry;
  - Comprehensive business and relevant professional knowledge;
  - The ability to act and make decisions in the company's long-term interest, thereby subduing to this cause potential alternative personal or other individual interests (of third persons, employees, the management board, shareholders, the public and the government);
  - Candidates are not managers, supervisors, representatives, or consultants of competitive companies in the industry of the respective company's primary business, and they are also not significant shareholders or stakeholders in such competitive companies;<sup>15</sup>
  - Six-months cooling-off period for officials and persons holding office in political parties, elected or appointed;
  - They have sufficient time or will have sufficient time once they are appointed;
  - They are capable of efficient communication and teamwork;
  - They are prepared to undertake continuous training and professional development;
  - They have a certificate evidencing their specialized professional competence for membership on a supervisory board, such as a Certificate of the Slovenian Directors' Association or another relevant certificate.
- 12.2 If a remuneration committee or a nomination committee operate within the supervisory board, the board carefully studies its recommendations and discloses in the materials for the general meeting whether it has applied these recommendations in its appointment of the candidates for supervisory board members. If the supervisory board has no such nomination committee, it conducts the procedures recommended for nomination committees in Appendix A3 of the Code by itself.

<sup>15</sup> Upon candidacy, one submits a statement declaring the fulfilment of legal requirements necessary for supervisory board candidates.

- 12.3 Prior to beginning the assessment of potential candidates for supervisory board members, the supervisory board or nomination committee considers the needed competency and professional profile of the nominee, which comprises the level of professional knowledge, experience, and skills necessary for a supervisory board member's high-quality conduct of his function. To this end, the supervisory board draws up in advance an outline of the function as well as the professional knowledge, experience, and skills necessary to perform such a function (supervisory board member profile), against which the candidates are assessed. Such a profile is drawn up according to the size, line of business, strategy and other characteristics and needs of the company.
- 12.4 Where the term of office of all or a majority of the members of the supervisory board appointed by the general meeting expires and the supervisory board is obliged to make a proposal for the future composition of the supervisory board, the supervisory board, in cooperation with the remuneration committee or the nomination committee, if one is set up, develops complementary composition of the supervisory board and a set of the required professional profiles in compliance with the Diversity Policy for the supervisory body and taking into account the size, activity, strategy and other characteristics and company needs.

## STATEMENT OF INDEPENDENCE

- 13. All members of the supervisory board and external members of committees fill out and sign – on taking office and in the event of any new circumstances which may result in the change to their status of independence – a statement of independence, in which they declare themselves on their meeting of the criteria of conflict of interest from Appendix B of this Code and notify other members accordingly. In this statement, they also indicate whether they consider themselves independent. Should they recognize any potential conflict of interest and consider themselves independent, they state in the statement why this conflict of interest is not permanent and relevant pursuant to this Code. In the statement they also state explicitly that they have the relevant professional training and know-how to work on a supervisory board.**
- 13.1 All members of the supervisory board fill out and sign a statement of independence annually and inform each other of the content of the statements of independence at one of the meetings of the supervisory board. Such signed statements are posted on the company's website.

## SUPERVISORY BOARD'S TASKS

- 14. The supervisory board monitors the company throughout the financial year, takes an active part in drawing up the CG Policy of the company and in establishing the corporate governance system, carefully evaluates the work of the management board and performs other tasks pursuant to the law, company regulations and the Code.**
- 14.1 The supervisory board's responsibility is to adopt decisions with due care, in good faith and based on obtained complete and timely information. For this purpose, the members of the supervisory board should make sure that the key corporate information and systems for ensuring compliance are credible and appropriate and such as to enable the supervisory board appropriate monitoring and supervision.
- 14.2 If the majority of the members of the supervisory board have been replaced, the supervisory board – within reasonable time after the appointment – reviews and, if necessary, amends the existing rules of procedure, which are consistent with the needs of the current supervisory board and with the Code. The supervisory board rules of procedure govern especially:
- The manner of calling meetings, communication among members and dissemination of materials;
  - The manner of voting and decision-taking;
  - The frequency and the different methods of holding board meetings (at company headquarters or using modern technologies);
  - The content and manner of drafting, coordinating, and endorsing the minutes;
  - The tasks of the chairman and secretary of the supervisory board;
  - Communication with the public regarding the supervisory board's resolutions;
  - Detailed criteria for assessing conflicts of interests and procedures in cases of potential conflicts of interests;

- The list of all types of transactions for which the management board needs prior approval of the supervisory board based on a supervisory board resolution and the company's articles of association;
  - The signing, upon taking up the position as a supervisory board member, of an agreement on access to the archives after expiration of the term of office;
  - The system of outsourcing for purposes of the supervisory board;
  - Supervisory board evaluation;
  - Education and training of the members of the supervisory board.
- 14.3 In its rules of procedure, the supervisory board sets the scope of topics and timeframes to be respected by the management board in its periodic reporting of the supervisory board. The communicated data enable supervisory board members to make an objective and balanced assessment of the company's financial position. The management board provides the materials for supervisory board sessions and other information to the supervisory board in writing, namely in printed and/or electronic form, provided that adequate protection and information security are ensured. The documents needed by supervisory board members to make quality decisions are made available to them or to the supervisory board committees in due time.
- 14.4 The company's supervisory board or board of directors once a year discuss and take a position on the workers' council's report on the status of workers' participation in management. In the definition, they also adopt a position on the proposal of measures in the report.
- 14.5 To distribute materials and convene meetings, the supervisory board makes use of information technology. Where appropriate, the supervisory board or supervisory board committees use information technology for holding meetings and voting on proposed resolutions but make every effort to hold meetings with physical presence. The company ensures efficient protection and information security when sending materials to supervisory board members, including contemporary approaches of electronic platforms for electronic convening of meetings, sending of materials, document archives and archives of other company or supervisory board acts and communication among members of company bodies.
- 14.6 In case of modern approaches to the use of electronic platforms for the work of the supervisory board, the company is obliged to provide to supervisory board members an archive of the supervisory board's documents or access to the archive even after the expiry of their term of office, which allows the supervisory board members whose term of office has expired to prove their claims in any legal proceedings until the expiry of the statute of limitations. The company signs – with supervisory board members – an agreement on access to the archives upon taking up the position, which is regulated by the supervisory board in the supervisory board rules of procedure.
- 14.7 The supervisory board usually invites management board members to its meetings. In case of an item on the agenda or part of an item of the agenda that would best be discussed in their absence, or in cases where their presence could affect the supervisory board's independent work or open discussion (deciding on the appointment of the chairman of the supervisory board and members of committees, appointment or recall of a member of the supervisory board, deciding on the evaluation and remuneration of the management board, supervisory board evaluation, etc.), the supervisory board discusses and/or adopts decisions in the absence of the management board.
- 14.8 Members of the supervisory board inform the supervisory board of acceptance of membership in the supervisory board of another company immediately or as soon as possible.
- 14.9 The supervisory board rules of procedure stipulate the board's communicating with the public with respect to the decisions adopted at its meetings. In exceptional cases, the board adopts a resolution making the passed resolutions either public or confidential, and defining the manner of the board's communicating with the public. Such communication is done by the chairman of the supervisory board, unless otherwise required by a supervisory board resolution or exceptional circumstances.
- 14.10 The company provides the supervisory board with room and technical means to facilitate its work, including induction of new members, provision of additional training to existing members of the supervisory board and committees during the term of office, services from external experts, and funds to cover any other reasonable costs related to the board's work, including remuneration for supervisory board committees and remuneration for external members of such committees. The company has in place appropriate outsourcing procedures needed for the work of the supervisory board, separately for services where the company is represented by the management board and for services where the company is represented by the chairman of the supervisory board.

- 14.11 The supervisory board ensures the establishment and implementation of a management board remuneration system as compliant with the Remuneration Policy for Members of Management and Supervisory Bodies and recommendations of the Code. The supervisory board defines the objectives to be reached by management board members, as well as the criteria for variable remuneration, separately for each financial year and as aligned with the company's annual plans and assesses the performance of management board members as compliant with these criteria – separately for each year and depending on the company's annual statements.
- 14.12 The supervisory board's report presented at the general meeting offers a precise and credible account of the board's activities during the year. Along with statutorily required items, the supervisory board includes in its report the relevant information about its internal organization and resolving conflicts of interest, as well as presents the board's operations. The report also states to what an extent the board's self-assessment has contributed to the improvement of supervisory board's performance.

## EDUCATION OF SUPERVISORY BOARD MEMBERS

### **15. The supervisory board members undergo continuous education and ensure that the members' know-how; experience and skills meet the needs of the company.**

- 15.1 The supervisory board defines indicative annual education costs and the training plan for the members of the supervisory board and its committees or decides that, within the amount of the estimated annual costs, members shall, depending on the interest expressed, attend training courses in the field of the functioning of the supervisory boards and corporate governance. The subject areas of training depend on the needs of individual members and the body as a whole. The education costs for the members of the supervisory board and committees fall under operating costs of the company and are not part of the remuneration for the performance of the function.

## SUPERVISORY BOARD EVALUATION

### **16. Once a year, the supervisory board evaluates its composition, performance and potential conflicts of interests of its individual members, as well as the board's functioning and its cooperation with the management board. In the process of evaluation, the supervisory board also assesses the work of supervisory board committees.**

- 16.1 The evaluation procedure includes the following activities and positions:
- Evaluation of the work of the supervisory board and committees;
  - Assessment of the current composition of the board with respect to the requirements related to the company's regular operations, to the supervisory board performance assessment and to compliance with recommended practices of composition from the perspective of professionalism, independence, and from following the Diversity Policy;
  - Assessment of the areas of supervision and the scope of supervision system, as well as the quality of supervision in financial and non-financial areas;
  - Assessment of the management board reporting system and examination of whether the communication and cooperation between the supervisory board and the management board is adequate;
  - Assessment of the convocation of supervisory board sessions and the quality of materials;
  - Assessment of the functioning of the board as a team, of the body's dynamic, of the possibility of expressing individual opinions and reservations and of resolving conflicts among members;
  - Assessment of the management of the board's work and the functioning of the chairman of the board;
  - Assessment of the logistic and technical support of the company and the work of the secretary and professional services;
  - Attendance of members on supervisory board sessions;
  - Examination of systems for the management of conflicts of interest and dependence.

- 16.2 Supervisory board evaluation should be performed objectively and professionally according to a publicly available methodology, e.g. in accordance with methodology of the Slovenian Directors' Association<sup>16</sup>. To carry out the evaluation procedure, the supervisory board, if necessary, makes use of an external professional support of suitably qualified experts with references from the area of corporate governance and experience in operating in supervisory boards and committees.
- 16.3 Depending on the results of such evaluation procedure, the supervisory board takes additional measures as required, and takes account of the related findings in its subsequent work and preparation of proposals for the general meeting. The implementation of the measures is regularly monitored and forms part of the follow-up to the supervisory board's decisions.
- 16.4 At least once in every three years the supervisory board ensures an external assessment in which it cooperates with an institution or external experts with relevant experience in supervisory board's work, in-depth knowledge of corporate governance and the functioning of the supervisory boards and their committees. A report on the external assessment should be drawn up regarding which the supervisory board adopts a position and based on which it adopts a plan of performance improvement measures.

## CHAIRMAN OF THE SUPERVISORY BOARD

- 17. Members of the supervisory board elect the chairman of the board by simple majority. The chairman of the board chairs and represents the supervisory board but cannot adopt decisions on its behalf. Before he is entitled to communicate any position to the management board or third parties, the respective issue must first be discussed on the supervisory board, which then adopts requisite resolutions. The same applies to signing of contracts with members of the board, external auditors, or external experts, where the company is represented by the chairman of the supervisory board.**
- 17.1 Members of the supervisory board elect the chairman of the board by simple majority. The chairman should have adequate knowledge, experience, skills, and the ability to mediate and lead, and time availability. The chairman should be a person with high personal integrity, who has trust of members of the board in his professionalism, communication skills, integration capacity, independence, ethics, and moral virtues.
- 17.2 A person that was on the management board of the company concerned or on the management body of a related company in the past year cannot be appointed chairman of the supervisory board.
- 17.3 The chairman of the board should not be at the same time the chairman of the audit committee.
- 17.4 The deputy chairman assumes the chairman's rights and obligations only if the chairman can no longer exercise them. The deputy chairman of the board should be elected among members of the board who are representatives of the capital. All recommendations for the chairman of the supervisory board also apply to deputy chairman.
- 17.5 The chairman of the supervisory board ensures that the procedures related to preparatory work, consultations, adopting of resolutions and decision taking are precisely adhered to. The agenda for a supervisory board meeting consists of items to be discussed at the meeting. The agenda also specifies whether an item and corresponding materials are of an informative nature only or whether actual decisions are to be adopted on their basis (adopted report, consent or authorization granted to the management board, etc.). Provided that the members receive adequate materials and have sufficient time to prepare, the supervisory board may add additional items to the agenda on the spot, by a simple majority vote.
- 17.6 It is the chairman's responsibility, in cooperation with the secretary of the board, that diligent minutes are taken of each supervisory board meeting, which contain a summary of the discussion and state the potential reservations expressed during the meeting by the members with respect to any item on the agenda. The minutes contain a report of voting of members by name on all resolutions which were not adopted or rejected unanimously. The secretary of the supervisory board sends the adopted resolutions to supervisory board members for their information within two days of the meeting and draws up draft minutes and sends them to all members within ten working days of the meeting at the latest. The

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- chairman includes the comments that arrive in due time into the materials for endorsing the minutes at the next meeting. In accordance with the resolutions of the supervisory board, the chairman of the supervisory board signs the minutes of the supervisory board, resolutions of the supervisory board, employment agreements with the members of the management board, agreements with the external auditor and external experts and other decisions or acts of the supervisory board.
- 17.7 The chairman ensures that members make knowledgeable and informed contributions to discussions, and that there is sufficient time for reflection and discussion prior to decision taking.
- 17.8 Each year on the general meeting the chairman of the supervisory board presents to the shareholders the work of the supervisory board and is available for explanations regarding the supervisory board's operations and supervision of the company.

## SUPERVISORY BOARD COMMITTEES

- 18. The supervisory board sets up special committees,<sup>17</sup> which analyse specific issues and advise the supervisory board with respect to these issues. Decision taking nevertheless remains the collegiate responsibility of the entire supervisory board.**
- 18.1 In addition to an audit committee, the supervisory board also sets up some other committees.<sup>18</sup> Committees are set up as soon as possible after the constitutive meeting of the supervisory board.
- 18.2 When setting up an individual committee, the supervisory board stipulates – by way of a resolution – its composition and tasks defined in the supervisory board rules of procedure or the rules of procedure of such committee. It thereby takes into account the company's specifics as well as the number of members on the board and their professional expertise.
- 18.3 Committee members have professional and personal characteristics of the kind that enable them high-quality and independent work, particularly:
- Independence;
  - Time available for work on the committee;
  - Sufficient expertise in the professional subject-field dealt with by the committee.
- 18.4 The mandate of external members of committees is not tied to the mandate of the supervisory board members. An external member of the supervisory board committee must be independent from the company and the management board in accordance with the criteria which apply to supervisory board members under this Code.
- 18.5 The supervisory board, working with the management board and the secretary of the board, provides a committee with complete materials and documents required for its work.
- 18.6 In performing their function, all committee members take account solely of the company's objectives. The rules on conflict of interest, which apply to supervisory board members, also apply, *mutatis mutandis*, to external committee members (who are not members of the supervisory board). The supervisory board makes sure that all external committee members sign a statement binding them to protect data confidentiality according to the same standards as supervisory board members.
- 18.7 After each meeting of the committee, the minutes of the meeting or any opinions drawn up by committee for the supervisory board are sent to the members of the committee and to the supervisory board at the time of reporting on the work of the committee.

<sup>17</sup> The formation, number and designation of committees may be defined in greater detail by other sector-specific legislation – e.g. for banks, savings banks, and insurance companies.

<sup>18</sup> Article 279 of the Companies Act (ZGD-1) provides that the supervisory board may appoint one or more committees, such as the audit committee, the nomination committee, and the remuneration committee, to prepare proposals for supervisory board resolutions, to ensure that they are implemented and to perform other professional tasks. The law provides examples of the names of the committees (only the audit committee is legally required), therefore, in Appendix A of the Code, we have presented the most common forms and names of committees in the practice of listed companies, which are not subject to a more detailed definition in the sectoral legislation. The competences of the committees are important in assessing deviations from the recommendations in this area.

## REMUNERATION OF THE SUPERVISORY BOARD

- 19. Members of the supervisory board receive adequate remuneration for performing their function. The remuneration is such that enables an appropriate composition of the board and reflects the responsibilities and tasks endowed to the supervisory board by the law, recommendations of good practice and the Code.**
- 19.1 The members of the supervisory board are entitled to remuneration for the performance of their function and the attendance fees in the amount set by the general meeting in accordance with the Remuneration Policy for Members of Management and Supervisory Bodies. Members of the supervisory board receive strictly cash payments and their remuneration cannot be directly related to the company's performance as given in the company's statements.
- 19.2 Members of the supervisory board that are also members of board committees receive additional payment for their work on the committees, in compliance with a general meeting resolution or based on provisions of the company's articles of association. This additional payment cannot exceed 80 per cent of the remuneration for membership on the supervisory board. The general meeting resolution or amendment of the articles of association stipulating such payment shall be adopted in advance. The remuneration for external members of committees comes from the funds set aside for supervisory board activities. The final decision regarding the payment to external members is adopted by the supervisory board in adequate proportion to the payment to the supervisory board members and is independent of general meeting resolutions.

## THE SUPERVISORY BOARD SECRETARY

- 20. At the proposal of the management board, the supervisory board appoints a supervisory board secretary, who takes minutes, attends to the archives, offers organizational support to the board, and provides advice on governance matters. Members of the board can also consult the secretary outside supervisory board meetings.**
- 20.1 The role of the supervisory board secretary is to offer organizational and professional support to the supervisory board and its chairman. Along with monitoring supervisory board procedures as stipulated by the rules of procedure, the secretary also fosters a smooth information flow among members; helps organize induction and works toward obtaining outside support for the operations of the supervisory board.
- 20.2 The secretary must keep all obtained information and protect the documents as confidential or as a business secret according to the same standards as are applicable to the supervisory board members. The supervisory board ensures the secretary has signed a statement in which he makes a commitment to protect the confidentiality of information on the same level as the members of the supervisory board unless he has already made such a commitment on a different basis.
- 20.3 If the functioning of the supervisory board and its committees is so broad and complex as to require a special organisational unit, this function may be shared between several persons who represent the secretariat of the management board and supervisory board. It is recommended that the supervisory board appoint the supervisory board secretary by name irrespective of the organisation of the said function.
- 20.4 The supervisory board secretary should regularly undertake professional education and training in corporate governance and topics associated with the performance of the supervisory function and the function of supervisory board secretary. The supervisory board secretary may become a member of professional associations that are associated with the secretary's professional training. The company shall provide funds for the abovementioned purpose as in the case of internal auditor training.
- 20.5 The supervisory board secretary is entitled to remuneration for the performance of the function which is similar to remuneration for comparable positions in the company. The remuneration is in accordance with the responsibilities and duties to be performed by the supervisory board secretary under the rules of procedure of the supervisory board and other internal acts of the company, best practice recommendations and the Code.

# MANAGEMENT BOARD

## MANAGEMENT OF THE COMPANY

- 21. The management board, whose work, knowledge and experience ensure an optimum fulfilment of their function along with risk management and risk assessment, manages the company thus facilitating the company's long-term performance. It is the responsibility of the management board that the company defines and stipulates the company's values and operations strategy, while its organization facilitates an efficient performance of its tasks. The management board achieves the company's optimum performance by employing suitable directors as well as engaging other human and financial resources.**
- 21.1 The management board by example promotes and within the framework of its tasks ensures such corporate culture that fosters ethical conduct and commitment to compliance of company operations, compliance and ethical conduct in employees and other persons who perform work or services for the company based on an agreement. For this purpose, the management board, in the context of the management of the company, adopts a code of conduct or a code of ethics and sets up and guides a system ensuring compliance and business ethics.
- 21.2 The management board defines and establishes an efficient and transparent management system, under which it provides:
- Clear and transparent organisation, including clear and specified authorisations, responsibilities and lines of reporting;
  - Efficient system of risk management in accordance with the recommendations of this Code;
  - Efficient system of internal controls in accordance with the recommendations of this Code;
  - Employee remuneration policy based on the company's capacity for sustainable risk-taking, promotion of lawful and ethical conduct and discouragement of breaches of compliance and ethics and excessive risk-taking;
  - Regular performance assessment of the management system, ongoing detection of weaknesses and constant improvement of this system.
- 21.3 Optimality of adopted management decisions is ensured with an open discussion among management board members on management board sessions and open discussion among management board and supervisory board members on the supervisory board sessions if necessary, according to the management rules of an individual company.

## BRIEFING THE SUPERVISORY BOARD

- 21.4. The management board briefs the supervisory board regularly, promptly, and coherently on all matters relevant for the company's operations, its strategy, risk management (including all deviations from risk-taking capability, the potential breach of related limits or breaches of compliance and business ethics, and adopted measures), etc. When the supervisory board requests a report or presentation of documentation, the management board complies with such as request as soon as possible. In providing information to the supervisory board, the management board complies with the high standards of confidentiality and information security.
- 21.5 The chairman of the management board immediately informs the chairman of the supervisory board of events and circumstances that can have a significant impact on the operations and situation of the company. In the event of emergency, the chairman of the supervisory board convenes a meeting of the supervisory board.
- 21.6 Before being appointed to management or supervisory bodies of other companies, a member of the management board obtains a prior consent of the supervisory board. Members of the management board also inform the supervisory board of assuming functions in other organisations.
- 21.7 A member of the management board immediately informs the supervisory board in writing of any legal transactions based on which they or their close family members have acquired shares or participating interests in a company, which make their holding in the respective company reach or exceed, or fall below, the qualifying holding.

## COMPOSITION AND APPOINTMENT OF THE MANAGEMENT BOARD

- 22. The management board is composed to foster the adoption of decisions in the best interest of the company. The management board consists of several members, who ensure a diligent and responsible meeting of the company's objectives. The management board acts in compliance with high ethical standards and considers the interests of relevant stakeholders. There is mutual trust among members of the management board, which enables open discussion and a constructive approach in cases when opinions differ. The competences of members and their methods of work are stipulated in the management board rules of procedure.**
- 22.1 The supervisory board is responsible for appointing and discharging members of the management board. The continuity of their work is ensured by making a prudent and timely selection of a successor for individual members of the management board within the framework of systemic provision of management board succession. When forming a proposal on the management board succession the supervisory board cooperates with the management board.
22. The supervisory board, in cooperation with the remuneration committee,<sup>19</sup> if appointed, determines in advance the competency model for each member of the management board that is specific to the company and its field of business, taking into account the life cycle and the specific circumstances of the company.
- 22.3 The supervisory board adopts a decision on how to search for candidates for management board members, which may be proposed by the remuneration committee taking into account internal candidates (succession).
- 22.4 Prior to appointing the chairman or a member of the management board, the supervisory board examines whether the candidates meet not only statutory conditions but also the additional conditions stipulated by the articles of association and by the management board member competence and professional profile, as defined by supervisory board resolutions or proposals of the remuneration committee.
- 22.5 1.1 The supervisory board is obliged to carefully examine the -fulfilment of the pre defined criteria in the competency profile for individual management board members and compliance with recommendations for appointing management board members, as drawn up by the remuneration committee or another competent working body, if any, as well as compliance with the company's acts and the Diversity Policy.
- Selection requirements for management board members include particularly:
- Integrity and ethics;
  - Know-how – professional criteria and standards, other company- or industry-specific categories of competences;
  - Experience – leadership experience and adequate number of years of experience in comparable functions;
  - Competences – leadership and strategic competences;
  - Communication skills;
  - Good character – motivation, personal qualities and values in relation to the company's corporate culture;
  - Six-months cooling-off period for officials and persons holding office in political parties, elected or appointed.
- 22.6 Aside from meeting statutory conditions and the conditions stipulated by the company's articles of association and other by-laws, the chairman of the management board also has leadership and organizational skills as well as the reputation of a good businessperson in the wider social environment.

## DISTRIBUTION OF MANAGEMENT BOARD TASKS

- 22.7 Individual members and the chairman of the management board, being a collegiate body, provide full, precise and prompt information to the management board on all relevant business with respect to the areas of their competence.
- 22.8 The tasks and competences are distributed among management board members by the supervisory board or by the management board rules of procedure or another management board act and are

afterwards communicated to the supervisory board by the management board. If the company has in place a system in which the chairman of the management board proposes management board members, the tasks and competences are distributed to management board members by the supervisory board through cooperation with the chairman of the management board. Internal division of tasks and competencies does not affect the question of company representation and does not mean that the management board is not obliged to act in concert. The management board adopts all important decisions together as a collective body and mutually informs its members in accordance with the previous point.

## CONTRACT WITH A MEMBER OF THE MANAGEMENT BOARD

- 22.9 The supervisory board is obliged to ensure a suitable contract of the company with management board members. Prior to the signing of the contract and each annex by the chairman of the supervisory board, the contract or annex are confirmed by a supervisory board resolution. The contract contains a specific definition of tasks, responsibilities and competencies of a management board member, specifies the remuneration system, which is in compliance with the Remuneration Policy for Members of Management and Supervisory Bodies, and the manner and frequency of determining criteria for variable remuneration in detail, specifies member's duties with respect to loyalty to the company, methods of termination and the amount of termination payment. The duration of the contract is subject to the term of office of a member or chairman of the management board.

## REMUNERATION OF THE MANAGEMENT BOARD

- 23. Companies have in place a remuneration system that enables them to attract appropriate candidates into the management board given the company's needs, while at the same time it ensures that management board interests are aligned with the company's long-term interests and is consistent with Remuneration Policy for Members of Management and Supervisory Bodies.**
- 23.1 The management board remuneration package consists of a fixed and variable component. The granting of the variable part is performance-linked and subject to predetermined criteria. Aside from successful operations, performance criteria shall also facilitate the company's sustainable development and include non-financial criteria relevant for generating the company's long-term value, such as abiding by the company's valid regulations and ethical standards. The fixed component of remuneration is appropriate to allow the company to withhold variable components of remuneration when performance criteria are not met.
- 23.2 When a variable component is granted, the amount of the variable component that exceeds the total fixed component paid over the past year shall be deferred for at least one year.
- 23.3 Termination payment cannot exceed the total fixed payments received over the past year.
- 23.4 Stock option plans and comparable financial instruments do not stand for the majority of a member of the management board's variable component of remuneration. The criteria for granting stock options and similar financial instruments exclude general market performance, as attested by comparative parameters such as stock index returns or anticipated advances in the price of the company's share. Claims and cash compensation for un-exercised options are not allowed. The member of the management board who acquires shares based on option rights (stock option plan) or stock purchase plans cannot be entitled to sell these shares for at least 2 years after the end of the mandate in which he acquired them.
- 23.5 Variable remuneration given as shares, as well as the execution of stock options and any other rights to acquire shares or be remunerated based on share price movements, must not be made possible for at least 3 years after such rights were awarded.

## INDEPENDENCE AND LOYALTY

- 24. Members of the supervisory and management board make independent decisions. In taking action and making decisions, members of the supervisory and management board take account of the company's objectives and subordinate to them the potentially different individual own- or third-party interests, the interests of the management board, shareholders, the public, and the government.**

## CONFLICT OF INTEREST

- 24.1 Members of the supervisory board or management board take all precautionary measures throughout their term of office to avoid any conflict of interest that might affect their judgement. Members of the supervisory board or management board promptly disclose and appropriately manage any conflicts of interest that may arise at any time during their term of office in accordance with the legislation and measures set out in this Code and the recommendations of good practice in this area.<sup>20</sup>

## MEASURES IN THE EVENT OF CONFLICT OF INTEREST

- 24.2 In case of a suspected conflict of interest the relevant supervisory board or management board member immediately informs the supervisory board. If the supervisory board determines the case at hand to represent a material conflict of interests, the relevant member shall immediately terminate the controversial relationship, failing which makes the supervisory board assess the need for the relevant person's function as member of the supervisory board or management board to terminate, and takes appropriate action.
- 24.3 Actions in the event of a potential non-relevant conflict of interests of a supervisory board or committee member, are predominantly:
- The relevant member of the supervisory board discloses the conflict of interests to the supervisory board;
  - The relevant member recuses himself/herself from voting on all subjects where the member is or could be affected by the conflict of interest;
  - The relevant member leaves the supervisory board meeting and does not participate in the discussion on subjects where the member is or could be affected by the conflict of interest;
  - By making an express written statement or a statement, which is on the member's request recorded in the supervisory board meeting minutes, the relevant member in advance waives the right to receive materials and information on the subject in which a conflict of interest is recognised.
- 24.4 When there are well-founded reasons for this, the chairman of the supervisory board may, prior to holding a vote, ask the members of the board to state their potential conflicts of interests with respect to the subject put up for the board's vote. Measures related to the prevention of conflict of interest on individual sessions and supervisory board members' explanations and statements in this regard, are recorded in the minutes of the supervisory board meeting.

## NON-COMPETE OBLIGATION

- 24.5 In case of a suspected breach of the non-compete obligation, the relevant member of the supervisory board or management board immediately informs the supervisory board. If the supervisory board determines the case at hand to be a breach of the non-compete obligation, the relevant member of the supervisory board or management board shall stop with the breach immediately and transfer the gains from the relevant deal to the company as well as compensate it for any potential damage.
- 24.6 Should the member of the supervisory board or management board fail to inform the supervisory board of his/her potential breach of the non-compete obligation, or should the said person inform the board but thereafter fail to comply with the supervisory board's instructions, the supervisory board deprives the relevant member of the management board of his/her office or proposes to the general meeting for the relevant member of the supervisory board to be deprived of office.

<sup>20</sup> Practical Guide to Conflicts of Interest, Slovenian Directors' Association, 2021.

## INDEPENDENCE OF SUPERVISORY BOARD AND COMMITTEE MEMBERS

- 25. All supervisory board and committee members are independent. A nominee or supervisory board or committee member shall be deemed dependent if the conflict of interest is, in accordance with Appendix B of this Code, of a more lasting (and not merely transient) nature and is relevant. Criteria for assessment of the relevance of the conflict of interest are predominantly:**
- **Type and number of actions and decisions to which the conflict of interest (may) applies;**
  - **Likelihood of actual realisation of the conflict of interest; and**
  - **Effect of the conflict of interest on the management board's ability of objective assessment and on company's operations.**
- Circumstances listed in Appendix B always assume dependence. Assumptions are rebuttable if the supervisory board member proves that the conflict of interest is not permanent and at the same time not relevant despite meeting any of the criteria.**

## RELATED PERSON TRANSACTIONS

- 26. A company establishes clear and predetermined internal procedures as concerns related person transactions to assess whether the transaction is one that will be carried out in the ordinary course of the company's operations and on arm's length terms.**
- 26.1 In the event that the supervisory board is required under the relevant legislation<sup>21</sup> to give – on the proposal by the audit committee – its prior consent to a particular transaction of the company with related persons or parties, the supervisory board carries out its assessment in accordance with the procedure set out in the rules of procedure of the supervisory board or, if applicable, the rules of procedure of the audit committee.
- 26.2 A member of the supervisory board or audit committee who is involved in a transaction as a related party or who is at risk of a conflict of interest due to his/her relationship with a related party involved in the transaction does not participate in the formulation of the proposal and in the decision-making on the consent or proposal of the audit committee to the supervisory board.
- 26.3 The independence of a third party commissioned by the supervisory board to issue a report assessing the fairness and reasonableness of a transaction from the point of view of the company and the shareholders who are not related parties, including minority shareholders, is assessed, mutatis mutandis, in accordance with the rules for the management of conflicts of interest as they apply to members of the management or supervisory body of the company.
- 26.4 If the supervisory board refuses to grant its consent, the management board may request that the general meeting decide on the consent in accordance with the relevant legislation.
- 26.5 Due to the potential risks that related party transactions may present, such transactions must be conducted for the benefit of the company and on arm's length terms and subject to the principles of transparency and adequate oversight.
- 26.6 The company must regularly maintain a list of related persons and related parties, which is notified to the supervisory board.
- 26.7 At the request of the supervisory board, the company's management board reports the results of an internal procedure for verifying transactions with related persons or parties.
- 26.8 Immediately after entering into a related party transaction approved by the supervisory board, the company must, in accordance with the relevant legislation, publicly disclose the material elements of such transaction on its website and in the manner required for the disclosure of regulated information, unless the company has already disclosed the same content as inside information.<sup>22</sup> Public disclosure must also include material information necessary to assess whether the transaction is appropriate from the point of view of the company and the shareholders who are not related parties.

<sup>21</sup> Provisions of Articles 270a, 281b to 281d, 284a and 515a of the Companies Act (ZGD-1) shall apply to transactions entered into by the company with related persons. Consents of the supervisory board to related person transactions are governed by Article 281c of ZGD-1.

<sup>22</sup> Article 281d of ZGD-1K.

## LIABILITY INSURANCE

- 27. Companies should enter into an agreement for liability insurance for damages for members of the management and supervisory body. The agreement should abide by legal limitations and at the same time effectively protect the company against damage.**

## AUDIT AND SYSTEM OF INTERNAL CONTROLS

### AUDIT

- 28. By selecting an auditor through a process in which the company's management and supervisory bodies as well as the audit committee take an active part, the company fosters the appointment of an auditor that can ensure an independent and impartial audit of the company's financial statements pursuant to the professional and ethical principles of audit as well as other auditing rules. To meet these requirements, the company facilitates all the conditions necessary for a quality communication flow with the auditor during the course of the audit and follows best practice recommendations in this area.<sup>23</sup>**
- 28.1 Prior to embarking on the process of selecting an auditor of the annual report, the audit committee and the supervisory board that proposes to the general meeting the auditor to be appointed establish non-discriminatory appointment criteria and the minimum conditions for cooperation with the auditor. These include the mandatory disclosure of any (non-)audit services the audit firm or any other company in its network has performed for the company or its related companies during the current and the past financial year. If the supervisory board's proposal is different than the proposal of the audit committee, the supervisory board should justify the reasons for not following the audit committee's proposal.
- 28.2 The appointment of an auditor of the annual report is proposed to the general meeting for a period of at least three years or more. Unless the audit committee proposes the renewal of engagement with the auditor before the expiry of the maximum period referred to in point 28.5 of the Code, it proposes two other auditors to the supervisory board and justifies the selection of the one who is ranked first.
- 28.3 The audit committee examines the managerial bodies' responsiveness to the issues stated in the letter to the management, as drawn up by the auditor of the annual report during the pre-audit or after the conducted audit.
- 28.4 The audit committee reviews the draft contract for the audit of the annual report for compliance with the law and the needs of the company and submits it to the supervisory board for approval.
- 28.5 The company hires a different audit firm at least every ten years and a new key audit partner at least every seven years, unless otherwise provided by law for a specific category of companies.<sup>24</sup> If the audit firm is replaced more frequently, the audit committee must justify the proposal not to renew the audit engagement.
- 28.6 The audit firm or any other company in its network may not resume the statutory audit for at least the next four years and the key audit partner for at least the next two years after the termination of the engagement.<sup>25</sup>

<sup>23</sup> Audit committee recommendations, Slovenian Directors' Association.

<sup>24</sup> Article 17 of Regulation (EU) No. 537/2014 of the European parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Article 17, paragraph 1, and Article 17, paragraph 4, item 7 of the Regulation).

<sup>25</sup> In this provision, the Auditing Act (Z-Rev2; Article 45) is more liberal than Regulation (EU) 537/2014 on specific requirements regarding statutory audit of public-interest entities, reducing the prohibition of re-participation in the statutory audit of an audited entity from three years to two years.

## SYSTEM OF INTERNAL CONTROLS AND RISK MANAGEMENT

**29. The company sets up an efficient system of internal controls and quality risk management. In cooperation with the audit committee, the company ensures their substantive, periodical, and impartial professional surveillance over the works of the system of internal controls, tailored to the company's business and scope of operations.**

- 29.1 The company establishes a whistleblowing system to enable employees and other stakeholders to report serious or suspected wrongdoing in an appropriate and confidential manner.
- 29.2 The management board ensures that adequate organization and competent human resources are in place for timely risk detection and assessment, and for adequate risk management, with respect to the risks the company is exposed to owing to its business operations.
- 29.3 The supervisory board and the audit committee regularly review the company's systems of internal controls and risk management and check their adequacy and improvement. In doing so, they rely primarily on the findings and recommendations of the internal audit.
- 29.4 If the company's risk management system is not yet in place, the supervisory board, in cooperation with the audit committee, proposes its establishment and implementation schedule and monitors the implementation of the planned activities.

## INTERNAL AUDIT

- 29.5 The internal audit activity must be established in accordance with internal audit rules under the law governing auditing or with applicable international internal audit rules, the code of internal audit principles and the code of ethics for internal auditors. The purpose of internal audit is to enhance and protect the value of the company by providing objective assurances based on risk assessment, by providing advice and by developing a thorough understanding of the company's operations.
- 29.6 The main task of persons in charge of internal audit is independent oversight of the efficiency and effectiveness of the company's operations, in accordance with the company's strategic objectives and regulations, with particular emphasis on the adequacy of internal controls. Their conduct encourages quality valuations and improvement of risk control and risk management procedures and contributes to added value by providing independent and impartial guarantees to the management and supervisory bodies.
- 29.7 The audit committee proposes to the supervisory board the legally required internal audit approvals and monitors its work.
- 29.8 Internal audit reports and findings are made available to members of the management board, supervisory board and audit committee, as well as to the persons responsible for the audited areas. The annual report of the internal audit is made available to the appointed auditor of the annual accounts.

## TRANSPARENCY OF OPERATIONS

### COMPANY'S CORPORATE COMMUNICATION STRATEGY

**30. The CG Policy defines the company's corporate communication strategy, which dictates high quality standards with respect to the drawing up and disclosure of accounting, financial and non-financial information.**

- 30.1 The company provides information to the public in a manner that ensures equal, transparent, and prompt informing. A public announcement contains all the information necessary for a securities investor to assess the situation and estimate the effect of a business or other event and circumstances on the price of the company's security. The wording of the public announcement is clear, comprehensible, and not misleading. The company publishes announcements at its official place of publication, and periodic and internal information additionally on the company's website. The company transmits all regulated and inside information to a central storage system for regulated information.<sup>26</sup>

<sup>26</sup> Article 158, paragraph 1, item 2 of the Market in Financial Instruments Act (ZTFI-1).

- 30.2 The company's management board is responsible for drawing up and implementing a corporate communication strategy that prevents insider dealing (abuse of inside information) and market manipulation. The company's management board adopts a Corporate Communication Rulebook, which contains in particular:
- A set of rules on the protection of confidentiality, business secret and inside information for members of management and supervisory bodies and for other persons having access to inside information during their mandate and after it expires; the rules lay down how this type of information is to be labelled and protected as well as provide for sanctions in case of potential breaches;
  - A clear definition of the information flow inside the company, along with the recording and supervision of access to inside information from origin to public announcement, as well as warnings that the relevant information has not been publicly disclosed yet and therefore constitutes inside information;
  - A list of persons having access to inside information and adequate notification of employees of their inclusion on such list and of the legal consequences of such inclusion;
  - A list of the appointed persons responsible for communicating with investors and the public (the recommended persons to organize internal procedures are management board members or executive directors, financial directors or IR officers; for the supervisory board this person is the chairman of the board);
  - The contents and procedures of communicating with the public (e.g. prompt disclosure of information through public announcements, publications, press conferences, the company's website, provision of materials, open-door day).

## TRADING RESTRICTIONS WITH SHARES

- 30.3 The company lays down rules on trading restrictions with the company's shares, stipulating trading restrictions, temporal restrictions for trading (closed trading windows) and ordering members of the company's bodies as well as related natural persons, legal entities and other persons with access to inside information to disclose their transactions in the company's shares and in the shares of related companies.

## FINANCIAL CALENDAR

- 30.4 Prior to the beginning of the year, the company draws up its financial calendar, in which it provides the expected dates of its significant announcements in the coming financial year (general meetings, announcement of the record date for dividend payments, dividend payment date, annual and interim reports, etc.). The financial calendar should also provide for 'quiet periods' during which the company does not make information on its business available to the public. The financial calendar is published and publicly available on the company's website.

## INFORMING THE PUBLIC

### **31. The company sets up a manner of informing the public that provides for equal, timely and economical access to all relevant information to both the shareholders and the public.**

- 31.1 The company publishes regulated and other important information on a chosen place of publication, which enables quick and non-discriminatory access to the information (such as for example the Ljubljana Stock Exchange information dissemination system SEOnet) and submits the information into the system for the central storage of regulated information (such as the Ljubljana Stock Exchange system for the central storage of regulated information – INFO STORAGE). The company strives for its official website to be as transparent as possible. The company's website contains all the key information about the company and its operations. Where a specific method of announcement is required by the relevant legislation for notices containing regulated information or inside information, the company should disclose, in the same manner as required for the disclosure of regulated information and inside information, at least the title of the notice and the place and time of announcement.

- 31.2 The company's website includes the name and contact information of its IR and PR officers.
- 31.3 The company provides its regulated, inside and other important information not only in Slovene but also in a language of international finance.

## PUBLIC ANNOUNCEMENT OF IMPORTANT INFORMATION

**32. The company provides for a prompt and precise public announcement of information related to all the relevant aspects of the company, its financial situation, operations, ownership, governance, and expectations for the future, as well as other information, which affects the status of investors (regulated, inside and other important information).**

- 32.1 The company provides prompt information about its financial and legal situation, and about its operations, by publishing:
- Annual, half-year and interim reports, which the company committed to comply with;
  - Plans and expectations with respect to future operations, company development and company objectives;
  - Operation estimates, potential deviations from forecasts and changed operating conditions;
  - Information about the significant risks and uncertainties that the company is exposed to, as well as aims with respect to risk management and related measures;
  - Information about all business events and circumstances which could have a significant impact on the business situation of the company and investors;
  - Information about the impact of events from the environment, which can affect the company's legal and financial situation.
- 32.2 The company draws up and publicly announces a programme of acquisition of own shares and discloses any acquisition or disposal of own shares promptly or not later than at the time when the acquired or disposed shares make up for 1 per cent of the company's share capital, and upon each subsequent exceeded whole per cent.
- 32.3 As soon as possible, the company publicly announces information on transactions with the company's securities entered into by company managers (i.e., persons who perform managerial tasks) and persons closely related to them, which must be notified to the company by these persons.
- 32.4 In the annual report, the company discloses any potential crossholdings with other companies (i.e., the company has a substantial holding with attached voting rights in another company, whereby the latter company also holds a substantial number of shares with voting rights in the former company).
- 32.5 To facilitate comparability of financial statements, the company draws up and publishes its annual and half-year consolidated financial statements pursuant to the International Financial and Reporting Standards (IFRS) as adopted by the European Union.
- 32.6 The annual report must be prepared, published and submitted to the central storage system for regulated information in single electronic format.<sup>27</sup>
- 32.7 On its webpage, the company publicly announces rules of procedure of its bodies (management and supervisory bodies and general meeting). The documents are published in a user-friendly form, which enables normal reading and searching through the document.

<sup>27</sup> In accordance with Article 134(4) of the Market in Financial Instruments Act (ZTFI-1), the single electronic format (or the so-called 'ESEF format') is laid down in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).

## PUBLICATION OF CORPORATE GOVERNANCE STATEMENT

- 33. The company makes a detailed account of its governance practice in the Corporate Governance Statement, which it draws up pursuant to the Companies Act. The Corporate Governance Statement is made part of the company's annual report and is also an independent document posted on the company's official place of publication and the company's website.**

## ADOPTION, AND ENTRY INTO FORCE

### ADOPTION OF THE CODE

The Corporate Governance Code has been drawn up and adopted through common accord by the Ljubljana Stock Exchange and the Slovenian Directors' Association.

### ENTRY INTO FORCE OF THE CODE

The Code takes effect on 1 January 2022. The Code shall be published in the newsletters and on the websites of both organisations responsible for the Code.

Companies apply the provisions of this Code for the first time when preparing the Corporate Governance Statement for the 2022 financial year.

Ljubljana, \_\_\_\_\_ 2021

# APPENDIX A: SUPERVISORY BOARD COMMITTEES

## A.1 Audit committee

The supervisory board establishes an audit committee, which is composed and has the tasks as stipulated by the law and the guidelines of the company's CG Policy. The number of members is determined based on the company's specific characteristics, whereby the following should be observed:

- Size and complexity of the company;
- Relevant risk areas;
- The composition and the total number of supervisory board members and the existence of other supervisory board committees whose work is related to the work of the audit committee;
- Legal possibility that also a representative of employees is a member of the committee;
- Availability of suitably qualified supervisory board and other members.

When composing an audit committee, the following should be achieved: a continuity and balanced level of experience in various areas, professional knowledge, characteristics and skills. For all members the following is required: independence, personal integrity and fairness, good communication skills, capability of constructive dialogue and critical assessment and trustworthiness. For assessment of independence of supervisory board members who are also members of the audit committee provisions of point 23 of this Code apply.

As a member of the audit committee an "Independent expert" in the sense defined by the Companies Act is an external expert and is thus not a supervisory board member. External expert should, in addition to required professional competencies, meet the criterion of independence, meaning independence in relation to the company and its management and any other circumstances, which could affect judgement. Assessment of independence of external expert should be substantive and not only formal. The external expert's mandate is not linked to the supervisory board members' mandate.

The chairman of the audit committee should not be the chairman of the supervisory board at the same time.

The audit committee carries out its work on the request of the supervisory board and is not directly accountable to anyone. The audit committee especially has no direct contacts with the public through the media or through other channels.

The audit committee monitors the establishment and efficiency of operations of the so-called whistleblowing system and warning procedures in the company, i.e., the policies and procedures in place for easier acquisition and consideration of the alerts on irregularities in financial reporting or other matters anonymously communicated to the company by its employees.

The audit committee cooperates with the external and internal auditor even in the absence of the management board and ensures a continuous and efficient exchange of opinions. The audit committee is operationally responsible, and the supervisory board is fully responsible for the selection procedure of the proposed external auditor. The audit committee shall inform the external auditor of the criteria for monitoring its success, which it must monitor in accordance with the law. The audit committee is responsible for monitoring effectiveness and success of the internal audit of the company.

In its work, the audit committee follows good practice recommendations in this field.<sup>28</sup>

<sup>28</sup> For example, *Recommendations for the Work of Audit Committees, Slovenian Directors' Association; Priorities for the Work of Audit Committees, Slovenian Directors' Association.*

## A.2 Remuneration committee

The supervisory board forms a remuneration committee, the competences of which include primarily:

- Support to the supervisory board in the development of competency profiles for candidates for management board members, conducting candidate searches, working with the recruitment consultant, conducting selection interviews and preparing proposals for candidates for membership of the management board;
- Periodic assessment of the size, composition, and work of the management board;
- Support in the evaluation of the management board's work, and drawing up of substantiated reasons for the recall of individual members of the management board in case they appear;
- Tasks listed for the nomination committee, if one has not been set up;<sup>29</sup>
- Support in the drawing up and implementation of the management board and supervisory board Remuneration Policy;
- Support in the drawing up and implementation of the management board and supervisory board Diversity Policy;
- Support for the evaluation of the efficiency or self-assessment of the supervisory board's performance in accordance with this Code;
- Other decisions of the supervisory board which concern the supervisory board itself and which may give rise to a conflict of interest of the members of the supervisory board.

Members of the committee have expert knowledge and experience in the areas, which enable the committee to effectively perform its responsibilities.

The chairman of the remuneration committee is not the chairman of the supervisory board or member of the supervisory board who is a former member of the management board for at least 3 years after the termination of such position.

When the remuneration committee employs the services of a consultant, it must make sure that the same person does not at the same time advise the HR department in the company or its executive directors (or members of the management board).

The remuneration committee must regularly monitor the implementation of the Diversity Policy and Remuneration Policy for the members of the management boards and supervisory boards.

<sup>29</sup> Depending on the size and complexity of the work in a supervisory board, the tasks of the remuneration committee and the nomination committee may be performed by a single committee.

## A.3 Nomination committee

The supervisory board assesses whether there is a rational need to establish a separate committee in addition to the remuneration committee to support the supervisory board in the formulation of the proposal for the members of the supervisory board to be appointed by the general meeting of the company. If so, the nomination committee takes over the tasks specified below from the remuneration committee.

Apart from the members of the supervisory board, external members may be appointed to the nomination committee by the supervisory board as experts for the fields necessary for the exercise of such tasks.

The tasks of the nomination committee include:

- To develop competency profile proposal for candidates for supervisory board members appointed by the general meeting, taking into account the specificities and needs of the company and the Diversity Policy in the part that concerns the supervisory board;
- To prepare a proposal on conducting candidate searches;
- To work with a recruitment consultant, if one is invited;
- To conduct selection interviews with potential candidates for membership of the supervisory board;
- To prepare proposals for candidates for membership of the supervisory board.

Members of the committee have expert knowledge and experience in the areas, which enable the committee to effectively perform its responsibilities.

The majority of the members of the nomination committee should be members of the supervisory board who are not subject to the selection procedure or are no longer candidates for membership of the supervisory board. Where this cannot be ensured due to concurrent expiry of the terms of office of all members of the supervisory board who are representatives of the capital and their repeated candidacy, they should not vote on themselves. In such cases, it is particularly important for the supervisory board, together with the nomination committee, to follow such predefined procedures and criteria for the selection of these candidates and ensure transparency of its operations.

If the nomination committee utilises the services of a consultant, it must ensure that the relevant consultant does not simultaneously advise the remuneration department of the company's management board.

In performing its functions, the committee should exercise independent judgement and integrity.

## APPENDIX B: INDEPENDENCE OF THE MEMBERS OF SUPERVISORY BOARD AND COMMITTEES

Members of the supervisory board and external members of supervisory board committees fill out a statement of independence upon appointment, upon any change that affects their status of independence and annually.

In such statement, they address the most common dependency relationships as well as the relevance and permanence of these relationships:

- a) Members of the supervisory board shall neither be executive directors or members of the management board in the company concerned nor in any related company and shall not have occupied such a position over the past three years.
- b) Members of the supervisory board shall not be employed in the company and should not have occupied such a position over the past three years, except if they were appointed into the board of directors or supervisory board as employee representatives, pursuant to the law, and are not managers.
- c) Members of the supervisory board shall not receive, and should not have received, substantial sums from the company or related companies aside from the payment or extra payment for the function of the chairman, deputy chairman and membership in committees which they receive for being members of the supervisory board. These additional sums refer mainly to any form of stock options or any other form of performance-related remuneration.
- d) Members of the supervisory board are not and do not represent, in any way, controlling shareholders.
- e) Members of the supervisory board shall not have, and have not entered over the past year, in significant business contacts with the company or a related company, either directly or as partners, shareholders, directors or managers of a person that has entered such contacts. Having entered business contacts implies being a supplier of goods or services (including financial, legal, consulting services), an important client or an organization that is a recipient of substantial sums from the company or the group.
- f) Members of the supervisory board shall not be, and have not been over the past years, partners or employees of the company's or related company's current or former external auditor.
- g) Members of the supervisory board shall not be executive directors or members of the management board in another company in which an executive director or member of the management board is a member of the supervisory board in the company concerned. Members of the supervisory board may also not be related in any other way with executive directors or members of the management board on account of cooperating with them in other companies or bodies.
- h) Members of the supervisory board shall not be on the same supervisory board for longer than 3 mandates (or for more than 12 years in cases when the company's articles of association provide for a mandate of less than 4 years).
- i) Members of the supervisory board are not close family members of the members of the management board or persons occupying the positions from (a) to (h).

Aside from the situations from the previous recommendation, a conflict of interests may arise for a member of the supervisory board also if the respective person:

- Is a member of the expanded management in a related company;
- Contributed to the drafting of the content of the company's annual report.

Members of the supervisory board or a committee also disclose in the statement of independence any other relationships which could affect their independent exercise of the function (e.g. business relationships with the company or its affiliate that are not arm's length, personal links to the management board, etc.).

# APPENDIX C: COMPOSITION AND REMUNERATION OF THE MANAGEMENT AND SUPERVISORY BOARDS<sup>30</sup>

## C.1: Composition of the management board in the financial year \_\_\_\_\_

First and last name	Function (chairman, member)	Area of work in the management board	First appointment to the office	Termination of office/mandate	Gender	Nationality	Year of birth	Education	Professional profile	Membership in supervisory bodies of non-related companies

## C.2: Composition of the supervisory board and committees in the financial year \_\_\_\_\_

First and last name	Function (SB chairman, deputy chairman, member)	First appointment to the office	Termination of office/mandate	Capital / workers' representative	Attendance on the SB sessions according to the total number of sessions (e.g. 5/7)	Gender	Nationality	Year of birth	Education	Professional profile	Independence according to Article 23 of the Code (YES/NO)	Existence of a conflict of interest in financial year (YES/NO)	Membership in supervisory bodies of other companies
	Membership in committees (audit, remuneration, nomination, etc.)			Chairman / member	Attendance on the committee sessions according to the total number of sessions (e.g. 5/7)								

External committee member (audit, remuneration, personnel, etc.)

First and last name	Committee	Attendance on the committee sessions according to the total number of sessions (e.g. 5/7)	Gender	Nationality	Education	Year of birth	Professional profile	Membership in supervisory bodies of non-related companies

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