

SLOVENIAN SOVEREIGN HOLDING ACT (ZSDH-1)

Chapter 1 GENERAL PROVISIONS

Article 1 (content and purpose of the Act)

(1) This Act regulates the status and operations of the Slovenian Sovereign Holding (hereinafter referred to as: SSH) and of Kapitalska družba pokojninskega in invalidskega zavarovanja, d.d. (hereinafter referred to as: KAD), the management of assets owned by the SSH, and assets of the Republic of Slovenia managed by the SSH, the acts of asset management and measures for enhancing integrity, responsibility and the limitation of risks of corruption, conflict of interest and misuse of internal information in the management of assets owned by the SSH and assets of the Republic of Slovenia managed by the SSH.

(2) The purpose of this Act is to attain:

- the separation of the function of the state as the owner of financial assets from other functions of the state, and thereby prevent conflicts of interest, the distortion of competition in markets and the unequal treatment of companies;
- concentrated management of the assets owned by the SSH and KAD and the financial assets of the Republic of Slovenia managed by the SSH, with the objective to establish stable ownership, which optimises management costs and in the long term increases profitability and the value of these assets in order to attain economic and developmental objectives and objectives of public interest,
- a transparent management system for assets owned by the SSH and assets of the Republic of Slovenia managed by the SSH, with a clear division of powers and responsibilities, and the implementation of measures to limit risks of corruption and other unethical and unauthorised actions or influence, and of measures to enhance the compliance of operations, traceability and responsibility in decision making;
- the management of assets owned by the SSH and assets of the Republic of Slovenia managed by the SSH, in compliance with Slovenian and international guidelines of good practice of the management of assets of the state and corporate governance in general.

(3) In pursuing the purpose and objectives of this Act, the SSH operates under the same conditions as other companies or individual sole proprietors and private undertakings in the relevant market, and it is not allowed to take advantage of its position and thereby limit competition or restrict other companies, individual sole proprietors or private undertakings in the market.

Article 2 (meaning of terms)

Individual terms used in this Act shall have the following meaning:

1. Assets are financial assets.
2. Financial assets are equity securities as per the act regulating the financial instruments market, or shareholdings or other equity stakes in individual companies in compliance with the act regulating companies.
3. A financial asset of the state is a financial asset owned by the Republic of Slovenia, KAD or the SSH.

Unofficial translation

4. A company with a financial asset of the state is a legal entity which is the issuer of financial assets owned by the SSH, or a company which is the issuer of financial assets managed by the SSH and owned by the Republic of Slovenia.
5. The acquisition of assets means the acquisition of assets by the Republic of Slovenia or the SSH in return for payment or free of charge.
6. Disposal of assets means the encumbrance, sale, exchange or any other legal transaction on the basis of which an asset of the SSH or the Republic of Slovenia is transferred to another legal entity or an individual as per this Act.
7. The exercise of the rights of a shareholder or a partner is the exercise of voting rights at general assembly meetings of companies, monitoring the performance on the basis of the adopted annual plans of companies and the realisation of the expected return on equity, cooperation with members of companies' bodies, appearance in proceedings in courts and other bodies, calling of general assembly meetings, and the exercise of other rights and obligations of the SSH as the owner of assets or as the manager of assets of the Republic of Slovenia as per this Act and the act regulating companies.
8. Family members are: direct consanguine relatives of any degree and relatives of the fourth degree, spouses or in-laws up to the second degree, regardless of whether the marriage has been terminated or not, as well as foster parents, adopters and adoptees. In this Act, a common-law marriage and a registered same-sex partnership are treated *mutatis mutandis* as a marriage.
9. Close family members are: the spouse, parents and children or adopters and adoptees, and persons who live in the same household.
10. Associated companies are associated companies as defined by the act regulating companies.
11. A majority stake is a majority stake as defined by the act regulating companies.
12. Prevailing influence is prevailing influence as defined by the act regulating companies.
13. BAMC is the Bank Asset Management Company, established in compliance with the Act Defining the Measures of the Republic of Slovenia to Strengthen Bank Stability (Official Gazette of the Republic of Slovenia, nos. 105/13 and 63/13 – ZS-K).
14. SOD is Slovenska odškodninska družba, d.d.
15. DSU is D.S.U., družba za svetovanje in upravljanje, d. o. o.
16. ZSDH is the Slovenian Sovereign Holding Act (Official Gazette of the Republic of Slovenia, nos. 105/12 and 39/13).

Chapter 2
ASSET MANAGEMENT

Section 1
Concept and objectives of management

Article 3
(concept of management)

Asset management comprises the acquisition of assets, the disposal of assets and the exercise of the rights of a shareholder or partner, or all other legal acts in accordance with the act regulating companies, and other regulations.

Unofficial translation

Article 4
(objectives of asset management)

The objectives of asset management are to increase the value of assets, provide the highest possible yield to the owners and attain other possible strategic objectives of assets defined as strategic by governance acts. The detailed objectives of management of an individual asset are determined by the asset management strategy with regard to the type of individual asset.

Section 2
Asset management principles

Article 5
(application of asset management principles)

The principles of asset management are used to direct and evaluate the practices of the SSH and the SSH bodies must respect them when making individual managerial decisions. The principles may be determined in detail in this Act, the governance acts and the internal acts of the SSH; however, this determination is not required for their application.

Article 6
(principle of diligence and responsibility)

(1) When conducting their tasks, the members of the SSH bodies shall act with the due diligence of a conscientious and honest manager. They shall act exclusively in the interests of the SSH, and exclusively in the interests of the Republic of Slovenia when managing assets of the Republic of Slovenia. They shall constantly strive to improve the corporate governance of these companies and set an example as a responsible and diligent manager to other shareholders and partners. When performing its activities, the SSH shall comply with Slovenian and international recommendations and good practice of corporate governance.

(2) A member of an SSH body who is not able to perform his or her function for any reason, in particular due to pressure on his or her individual or independent decision making, or due to the passivity or lack of action of the remaining members of a management or supervisory body, must inform the members of the body in which he or she functions in writing about this, and must act in accordance with the provisions of the first paragraph of Article 57 of this Act.

(3) Members of bodies and other responsible persons in the SSH must act responsibly when managing assets and performing their tasks. The responsible conduct of members of bodies and other responsible persons in the SSH is ensured primarily by creating, documenting and supervising:

- the management and operation of the SSH in accordance with the valid regulations and in compliance with the objective, strategy, and annual asset management plan;
- the clearly determined rights, obligations and powers in managing assets in the internal acts of the SSH of individual members and holders of posts;

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- the establishment and functioning of internal policies and structure of the SSH, which enables and ensures the effective system of supervision and management of the SSH in controlled or associated companies in compliance with the objective, strategy, and annual asset management plan;
- the suitability and efficiency of the internal control system;
- the suitability and efficiency of the internal system for the risk management (organisational, legal, financial. etc.);
- the implementation of the provisions of Chapter 6 of this Act, which specifies measures to enhance integrity and responsibility as well as limit the risk of corruption, conflicts of interest and abuse of internal information in managing assets of the state, as well as the supervision of, and reporting by, the SSH;
- the efficiency of the systems of internal communication and reporting and relationships with the competent bodies;
- the policy on evaluating the work and suitability of appointed members of SSH bodies;
- the written recording of the sessions of the management board of the SSH and the supervisory board of the SSH and the existence of written copies of the audio recordings of the sessions of the management board of the SSH and the supervisory board of the SSH and other important documentation, on the basis of which the performance or diligence and responsibility of the conduct of members of bodies and other responsible persons in the SSH can be evaluated.

Article 7

(principle of independence)

(1) The SSH and its bodies shall not be bound by the instructions of state authorities or third parties. When implementing tasks in compliance with this Act, they shall function independently and autonomously. The exception are the provisions of this Act on the mandatory consideration of the objectives defined in the strategy and other governance acts, the provisions in this Act on the disposal of assets until the strategy is adopted, and possible provisions of special legislation applicable to individual assets.

(2) The preceding paragraph shall not prohibit communication between the SSH, state authorities and other bodies governed by public law. Possible communication between the SSH and state bodies and other bodies governed by public law must be traceable. The manner in which traceability is ensured is determined by internal acts of the SSH. Communication with a state body or other body governed by public law is not considered as an obligatory instruction and does not oblige the bodies of the SSH, who, despite the standpoints expressed by state bodies and other bodies governed by public law are fully responsible for their decisions under the act regulating companies and this Act.

Article 8

(principle of transparency)

(1) In asset management, the valid asset management acts and prescribed procedures and criteria have to be taken into account when decisions related to asset management are made. Transparency is provided in the decision-making process and when ensuring responsibility and the traceability of possible attempts at non-public influence on the decisions of SSH bodies.

Unofficial translation

(2) Assets should be managed in the most transparent manner possible for companies with a financial asset of the state, other shareholders or partners in these companies and for the public.

Article 9 (principle of economy)

(1) Asset management shall be conducted economically, efficiently and in a manner enabling the attainment of the objectives determined in the asset management acts defined with this Act.

(2) The SSH monitors the efficiency of the operations of the SSH and companies with a financial asset of the state on the basis of comparable foreign or domestic assets in the public or private sector in terms of the principal activity, size, complexity, risks, market position and other characteristics. The dynamic of the monitoring of efficiency is adjusted to the legal form of the company with a financial asset of the state, whereas the SSH must diligently pursue its rights as stipulated by the act regulating companies. The relevant comparisons referred to in the previous sentence must express continuity in terms of time and content, which also enables current operations and following of trends.

(3) The SSH shall establish a system of risk management which includes the detection and monitoring of risks related to the implementation of individual objectives with regard to the type of risk and their importance, and shall adequately evaluate such risks and ensure suitable adequate management of such risks. The SSH shall take into consideration the conclusions referred to in the preceding sentence in its current operations and when drafting the proposals of governance acts.

Section 3 Asset types and disposal of assets

Article 10 (concept of asset types)

(1) The assets of the SSH and of the Republic of Slovenia are classified into groups of assets with the same or similar characteristics and which pursue the same or similar objectives. In accordance with this Act, all assets of the SSH and of the Republic of Slovenia are classified with the strategy into one of the following three types of assets:

- strategic assets,
- important assets and
- portfolio assets.

(2) If an individual asset is not classified into one of the aforementioned types of assets, it is considered a portfolio asset.

Article 11 (strategic assets)

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Strategic assets are assets by means of which the Republic of Slovenia pursues strategic objectives in addition to economic ones. Strategic objectives are objectives related to the management of the national infrastructure, objectives related to public services, security objectives, development objectives and other objectives where important social interests are being considered.

Article 12 (important assets)

Important assets are assets in which the Republic of Slovenia wishes to keep the key developmental components within the country.

Article 13 (portfolio assets)

Portfolio assets are assets by means of which the Republic of Slovenia wishes to attain exclusively economic objectives.

Article 14 (minimum shares in individual types of assets)

(1) The minimum share in assets determined in the strategy as strategic assets is 50 per cent plus one vote. The minimum share can be lowered below the share specified by the preceding sentence if the effective implementation of strategic objectives is ensured with a concession contract with a limited time period. The possibility of lowering the share below the minimum share in accordance with this paragraph must be specifically determined in the strategy.

(2) The minimum share in assets determined in the strategy as important assets is 25 per cent plus one vote.

(3) The SSH is permitted to freely dispose of portfolio assets.

(4) Minimum shares determined in this Article are calculated as the ratio between the stocks with voting rights of the Republic of Slovenia, the SSH and the related persons and all stocks with voting rights in a company in which the Republic of Slovenia, the SSH and related persons have a share in compliance with the act regulating companies and acts of individual companies. If an agency whose operation is governed by the act regulating the financial instrument market waives its voting rights, this does not influence the minimum shares as determined by this Article. The management board of the SSH must keep a record of shares.

Article 15 (disposal of assets)

(1) The SSH independently disposes of the assets that it manages and is not bound by any consents or limitations unless determined otherwise by this Act. The

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disposal of assets of the Republic of Slovenia managed by the SSH is not subject to the provisions of the act regulating public finance.

(2) The SSH shall not dispose of assets in such a manner that the total share of assets of the SSH, the Republic of Slovenia and companies related to the SSH falls below the minimum share determined by the preceding Article, except under the conditions and in the manner determined by this Act.

(3) Shares which do not reach minimum shares as per the preceding Article shall not be burdened with lien or other rights *in rem*, nor shall they be subject to the conclusion of any agreements or transactions that may result in the obligation to dispose of these shares or the entitlement to own these shares by third parties.

(4) Detailed objectives of disposal in an individual business year are determined by the annual plan of the SSH as per Article 30 of this Act.

(5) If the share in accordance with this Act does not reach the minimum share, the SSH shall not dispose of that asset, except under the conditions and according to the procedure determined by this Act, and shall have no obligation to acquire new shares in order to reach the minimum share.

(6) It has to be ensured in the sale of assets where a majority of the ownership of a company is transferred to another owner that the employees and representatives of the workers' council are timely informed about this.

Article 16

(methods of sale and exchange of financial assets)

(1) A financial asset must be sold on the basis of one of the following methods or combinations thereof:

1. a public tender carried out as a public invitation addressed to an unspecified or a specifiable set of persons under conditions published in advance which contains all the essential elements of the contract, or
2. a public auction carried out as a public sale under conditions of sale published in advance, and in which the purchase contract is signed with the bidder which meets the conditions and which offers the highest price above the reserve price, or
3. a public call for bids carried out as a public invitation for the submission of bids addressed to an unspecified or a specifiable set of persons for the purchase of a specified asset under the published conditions, or
4. a public offering of securities in accordance with the act regulating the financial instrument market.

(2) Notwithstanding the preceding paragraph, the sale procedure can be carried out on the basis of the method of public sale of financial assets, which is defined in another act.

(3) In a public call for bids, negotiations can be carried out in accordance with the published conditions in order to improve the financial conditions.

(4) Financial assets can be sold or exchanged on the basis of a direct contract:

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- when a financial advisor has been selected for the sale of the financial asset in accordance with international practice;
- if the exchange of a financial asset does not reduce the overall value of the asset, or if the quality of the financial asset is improved, or if a portfolio asset is replaced with a strategic asset;
- if a debt security or a stock is traded on a regulated or free market in accordance with the act regulating the financial instrument market, and in accordance with the rules of that market, except in the sale in blocks, as defined by the rules for the regulated financial instrument market, which must be carried out in accordance with one of the public methods referred to in the first paragraph of this Article;
- if a public bid submitted in accordance with the act regulating takeovers is accepted,
- in the sale on the basis of a put option if it is established that a higher price would not be reached with consideration of the costs of the sale on the market;
- in the exercise of the pre-emptive right of the beneficiary to the financial asset, after one of the public methods referred to in the first paragraph of this Article has been implemented.

Article 17

(supervision and criteria for measuring the effectiveness of companies with a financial asset of the state)

(1) The task of the SSH is to prepare criteria for measuring the performance of companies with a financial asset of the state. These criteria must be created relative to the type of asset. The criteria for evaluating the performance of companies with a strategic asset must consider the strategic objectives determined by the strategy and also define economic and financial objectives. The criteria for evaluating the performance of important assets and portfolio assets may only be of a financial and economic nature and those which evaluate the social responsibility of companies' conduct. The criteria are determined by an internal act of the SSH. The criteria are prepared by the management board of the SSH and confirmed by the supervisory board of the SSH. The criteria are adopted when they are adopted by the Government as the general assembly of the SSH.

(2) The SSH monitors the operations of companies with a financial asset of the state. It reviews the effectiveness of achieving objectives, inspects operations and reporting on operations. The monitoring is adjusted to the legal form and ownership structure of a company and according to whether the securities of the company are traded in a regulated market, whereby all legal methods of obtaining information may be used.

(3) The supervision system monitors the fulfilment of the main objectives of an individual company during the course of the business year. The supervision must be adjusted to the legal form, size, complexity, ownership structure and public nature of the company. When significant departures from expectations occur, the SSH must respond and request that the company produce explanations within the framework of, and in a manner determined by, this Act, the act regulating companies and the governance acts, as well as take measures in accordance with the powers it has in accordance with the regulations and governance acts.

Section 4

Asset management procedures

Unofficial translation

Article 18
(asset management)

(1) The SSH shall manage assets in compliance with this Act, the act regulating companies and the adopted governance acts, while observing the legal organisation and internal acts of individual companies.

(2) As the manager, the SSH shall particularly:

- attend general assembly meetings where it exercises voting rights;
- attend to the exercise of other rights of shareholders or partners, such as calling a general assembly meeting, adding items to the agenda, requesting a special audit, requesting an extraordinary audit and filing a compensation claim and similar;
- attend to the legal protection of the rights of a shareholder or partner and act as a representative of the shareholder or partner in administrative, legal and other proceedings;
- attend to the appropriate evaluation of the content of individual proposals of the decisions of general assembly meetings and the consideration of the provisions of the legislation and governance acts in procedures of corporate governance;
- form a well-structured and transparent procedure for the accreditation, nomination and selection of candidates for members of supervisory boards in companies with a financial asset of the state and oversee the implementation thereof;
- ensure that remuneration systems for members of supervisory boards in companies with financial assets of the state are in accordance with the long-term interests of the company and attract and encourage qualified experts to stand for membership in supervisory boards;
- establish reporting schemes in accordance with the valid regulations which enable the protection of interests of the SSH and the Republic of Slovenia as the shareholder or partner and the evaluation of governance systems of individual companies;
- conclude shareholders' or other agreements defining rights and obligations regarding the management or dispose of assets between the SSH, the Republic of Slovenia and third parties;
- promote and, to the extent of its rights, ensure good systems of corporate governance in individual companies with a financial asset of the state;
- acquires assets by founding, purchasing or recapitalising companies;
- dispose of individual financial assets to the extent and in the manner prescribed by this Act and governance acts.

Article 19
(management of assets of the Republic of Slovenia)

(1) The SSH shall be responsible for managing all assets of the Republic of Slovenia on behalf of, and for the account of, the Republic of Slovenia at its own discretion and in accordance with this Act. As per this Article, management encompasses all forms of governance and disposal determined by this Act.

(2) Notwithstanding the provision of the preceding paragraph, the SSH shall not be responsible for managing:

- financial assets in international financial institutions,

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- financial assets in companies performing the public service of a system operator for the transmission and distribution of natural gas and electricity and the public service of organising the electricity market in the Republic of Slovenia,
- assets in the BAMC.

(3) The ministry responsible for finance must immediately inform the SSH about the acquisition of new financial assets by the Republic of Slovenia.

Article 20

(limitations on governance and independence of bodies in companies with a financial asset of the state)

(1) With regard to assets of the state in companies, the SSH shall have only those rights which, relating to the organisational form of each company, are determined by the regulations governing companies and internal acts of companies.

(2) In performing their functions, the bodies of companies with a financial asset of the state must act exclusively in the interest of the companies in which they have a function, and this Act shall not exclude tasks, obligations and responsibilities that the companies have under the act regulating companies.

(3) The SSH shall realise the rights and powers and meet the requirements and tasks in compliance with this Act and governance acts without encroaching on the independence of companies' bodies; it particularly shall not encroach on concrete business and managerial decisions. The SSH's communication and expression of opinions and expectations of companies with a financial asset of the state is not binding on members of the companies' bodies and shall not be understood as a violation of this Article.

Article 21

(decisions of the general assembly on the appointment of members of supervisory bodies of companies with a financial asset of the state)

(1) At general assembly meetings, the SSH shall vote on the appointment of members of supervisory bodies in companies with a financial asset of the state according to objective criteria that are equal for all candidates. The criteria for the selection and appointment of candidates shall be professional competence and experience exclusively. Non-public expressions of opinions about the persons referred to in the third paragraph of Article 57 of this Act in relation to the voting on the appointment of members of supervisory bodies of companies with a financial asset of the state shall be considered a lobbying contact as per the third paragraph of Article 57 of this Act.

(2) In addition to meeting the criteria for individual members of supervisory boards as per this Article, the SSH shall vote in such a manner that the supervisory boards of companies with a financial asset of the state as a whole are composed of members who mutually complement each other with regard to expertise and competence. The SSH shall vote in such a manner that professionals in the field of finance, corporate governance, company operations and other professionals who are needed to execute efficient supervision with regard to the activity, scope of operations and other characteristics of companies are appointed to supervisory bodies. The expert profiles required shall be determined by the supervisory boards of companies with a

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financial asset of the state in the process of preparing proposals for new members of supervisory boards for general assemblies. The expected role of supervisory boards in companies with a financial asset of the state, the role of commissions of supervisory boards, procedures and criteria for preparing proposals for the general assembly meetings and the method of cooperation with the SSH are determined by the Corporate Governance Code of companies with a financial asset of the state.

(3) The candidates for members of supervisory boards of companies with a financial asset of the state shall meet the criteria determined by the act regulating companies and by this Act. In addition, the SSH shall not vote for candidates for membership of supervisory boards who are:

- individuals who are in a direct or any other business relationship with the company, the supervisory board for which they are candidates or the company's affiliated companies, except in cases of the sale of regular products and services according to the general terms applicable to all subjects in the market,
- individuals who are members of supervisory or management bodies and employees employed for an indefinite or fixed period at legal entities which are in any kind of business relationship with the company, the supervisory board for which they are candidates or the company's affiliated companies, except in cases of the sale of regular products and services according to the general terms applicable to all subjects in the market,
- individuals who perform a function which, according to the act governing the integrity and prevention of corruption as per this or another act, is incompatible with membership in a supervisory body or corporate governance body, and who have not performed such function in the previous six months,
- already members of a management or supervisory body in a company in which the SSH has a majority share or prevailing influence,
- individuals who in the previous six months perform or who has performed a function to which they were elected or appointed in a political party.
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(4) When voting on candidates for membership of supervisory boards of companies with a financial asset of the state, the SSH may vote only for candidates who, in addition to criteria determined by the act regulating companies, also meet the following criteria:

- are characterised by personal integrity and business ethics;
- have experience confirmed by business success and reputation;
- have adequate education;
- have adequate work experience;
- possess comprehensive business and other appropriate expertise;
- have knowledge of the rights and obligations of members of supervisory boards, which they prove with a certificate on obtaining knowledge on the jurisdiction, responsibility and performance of supervisory boards;
- are able to consider particularly the long-term interests of the company in their work and decision-making and subject possible different personal or individual interests to this;
- are available during the performance of their function;
- are able to communicate effectively and work in a team;
- are not economically, personally or in any other way related to the company or its management board;
- are not subject to a potential conflict of interest.

(5) The compliance of candidates with the criteria provided in the second, third and fourth paragraphs of this Article shall be ensured by a procedure consisting of accreditation and nomination. The human resources commission of the SSH shall be

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responsible for accreditation and nomination, in compliance with Article 48 of this Act. The accreditation and nomination procedures are based on objectivity and transparency, and shall provide for the traceability of the manner of obtaining candidates and traceability of the persons who invited or nominated individual candidates. The procedures are determined in more detail in the asset management policy defined in Article 31 of this Act.

(6) Decisions on the appointment of members of supervisory boards to state-owned companies, as well as all other decisions of the general assembly or decisions of the founder of these companies as per the act regulating companies, are formed and adopted by the management board of the SSH, which is responsible for the consistent implementation of this Article at general assemblies of individual companies with an asset of the state.

Article 22

(remuneration of members of supervisory bodies of companies governed by the SSH)

(1) The SSH shall vote on the remuneration system which is to apply to the most senior and independent experts of supervisory boards who are motivated to do responsible and active work, but shall not simultaneously vote on the adoption of decisions of the general assembly which would enable unduly high remuneration to members in supervisory boards with regard to the needs and financial state of the company.

(2) The SSH shall not vote on decisions concerning the remuneration of members of supervisory bodies that may cause a conflict of interest or divert the interests of members of supervisory bodies from the interests of companies. Thus the SSH shall vote only on decisions concerning the remuneration of members of supervisory bodies which determine that these payments are composed exclusively from remuneration for performing their supervisory function and session fees. The remuneration for performing their supervisory function includes a basic payment for performing the function and bonuses for special tasks or functions of the member, such as performing the function of president, deputy president or for membership of commissions of the supervisory body. The remuneration for performing functions of members of supervisory bodies and session fees shall be determined by considering the size and financial state of the company.

Article 23

(remuneration policies for management bodies of companies governed by the SSH)

(1) In all companies with a financial asset of the state, the SSH shall apply management entitlements so that the general assemblies of these companies adopt remuneration policies for management bodies in compliance with the act regulating companies. If the remuneration of members of management bodies with regard to the legal form of the company and its internal acts are defined directly by the general assembly, the SSH applies management entitlements for the adoption of decisions of general assemblies on remuneration which comply in content with the provisions of this Article. In accordance with the act regulating companies, the entire remuneration of members of management bodies must comply with such remuneration policy, which is the responsibility of the companies' supervisory bodies.

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(2) The SSH shall vote on the adoption of a remuneration policy for members of management bodies which respects all the principles determined for it by the act regulating companies. Furthermore, the policy of companies with a financial asset of the state also defines:

- the highest permitted fixed remuneration of a member of the management body, which must be sufficiently high to enable supervisory bodies to attract to management bodies top-level experts who are motivated to do responsible and active work, and which at the same time prevents unduly high remuneration of members of management bodies with regard to the needs, performance and financial state of a company;
- the highest permitted amount of a variable part of remuneration of a member of a management body;
- the highest permitted severance pay of a member of a management body.

(3) Decisions on the policies of remuneration for members of management bodies on which the SSH votes in accordance with this Article must be approved in advance by the Government as the general assembly of the SSH.

Article 24

(reimbursements for damages in companies with a financial asset of the state)

(1) In companies with a financial asset of the state, the SSH shall strive to ensure that the conduct of bodies in these companies is responsible and diligent. If there are reasonable grounds to suspect that damage has been incurred to an individual company with a financial asset of the state due to the negligent conduct of management and supervisory bodies, the SSH shall implement procedures to replace members of supervisory bodies and adopt decisions of the general assembly on special audits, the initiation of compensation proceedings against members of management and supervisory bodies and any other appropriate procedures to protect the assets and interests of an individual asset.

(2) If, due to the voting of other shareholders or partners, the decisions of the general assembly referred to in the preceding paragraph are not adopted, the SSH, in compliance with the act regulating companies, shall apply the rights of a minority shareholder or partner to initiate special audits, compensation procedures and judicial dismissals of members of bodies if so enabled by its share in an individual company in compliance with the act regulating companies.

(3) If there are indications that damage has been incurred to an individual company due to the influence of a third party, the SSH shall, in addition to the proceedings referred to in the preceding paragraphs of this Article and in compliance with the act regulating companies, also initiate procedures against this third party. The SSH shall suitably document and explain the reasons for a possible withdrawal from enforcing responsibility or damage following a discussion of individual cases of suspicion.

Article 25

(informing about the acquisition of assets)

(1) Legal entities which act in concert with the SSH according to the act regulating takeovers must inform the management board of the SSH at least seven working days before the acquisition of a financial asset in relation to which an

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obligation of a takeover bid could arise in accordance with the act regulating takeovers. The SSH shall have the same obligation to companies referred to in the preceding sentence.

(2) In the case of a violation of the provisions referred to in the previous paragraph, legal entities are responsible under the general rules on damage liability.

(3) The SSH shall publish on its website, and update on a monthly basis, a list of the entities referred to in the first paragraph of this Article.

Section 5
Revenue and financing of asset management

Article 26
(revenue from asset management)

All revenue from the management and disposal of assets owned by the SSH shall be revenue of the SSH. The revenue from the management and disposal of assets of the Republic of Slovenia is revenue of the budget of the Republic of Slovenia.

Article 27
(financing of management of assets of the Republic of Slovenia)

(1) The SSH is eligible for payment for managing financial assets which are not owned by the SSH. Payment is determined on the basis of actual eligible costs related to the management of assets.

(2) The amount of compensation and other mutual relationships related to the implementation of tasks of managing assets of the Republic of Slovenia shall be agreed on by the SSH and the Republic of Slovenia with an agreement concluded by the Government on the proposal of the minister responsible for finance. In accordance with this Article, the agreement shall not affect the powers and responsibilities of the SSH in managing assets owned by the Republic of Slovenia and must not impose additional conditions on, or approvals for, the management or disposal of assets.

(3) The amount of compensation and other mutual relationships related to the implementation of tasks of management of assets of third parties on the basis of this Act or an agreement between the SSH and a third party shall be regulated by the SSH and the party with an agreement.

Chapter 3
ASSET MANAGEMENT ACTS

Article 28
(asset management strategy)

Unofficial translation

The asset management strategy (hereinafter referred to as: strategy) determines:

- the definition and classification of assets into individual types of assets as per Article 10 of this Act,
- the definition of the development policies of the Republic of Slovenia as a shareholder or a partner in companies, or
- individual strategic objectives that the Republic of Slovenia pursues with each asset classified as strategic.

Article 29

(drafting, confirming and amending the strategy)

(1) The strategy is confirmed by the National Assembly on the proposal of the Government, and is valid until the confirmation of a new strategy. The National Assembly may revoke or amend the strategy only by confirming a new strategy.

(2) The draft of the strategy with an explanatory note shall be prepared by the Government on the proposal of the ministry responsible for finance. The ministry may request that the SSH and the BAMC provide opinions or starting points for drafting the strategy.

(3) The SSH may submit to the ministry responsible for finance a proposal for changes to the strategy if this is required by changed economic and social circumstances.

Article 30

(annual asset management plan)

(1) The annual asset management plan shall be adopted by the management board of the SSH on the basis of the adopted strategy. It defines the detailed objectives of the SSH regarding the management of individual assets and the measures and guidelines for attaining these objectives. The annual asset management plan also specifies cash flows expected from the management of assets owned by the SSH and the Republic of Slovenia.

(2) On the proposal of the SSH management board, the supervisory board of the SSH shall consent to the annual asset management plan for the following calendar year by the end of November at the latest.

(3) Immediately upon obtaining the consent of the supervisory board of the SSH, the SSH shall submit the annual plan to the ministry responsible for finance. The Government shall approve the annual plan referred to in the preceding paragraphs on the proposal of the ministry.

Article 31

(asset management policy)

(1) The asset management policy defines in more detail the principles, procedures and criteria with which the SSH complies when implementing its tasks in

Unofficial translation

accordance with this Act. The purpose of the policy is to ensure the transparency and traceability of decision making; thus the policy must define supervisory mechanisms for asset management, employment and the hiring of external contractors.

(2) In addition to other elements in accordance with this Act, the asset management policy shall also define the procedure for the disposal of financial assets, which must ensure compliance with this Act and the legislation on public procurement, and protect the interests of the SSH, KAD and the Republic of Slovenia. The procedures must enable the effective implementation of disposal, whereby the mechanisms for achieving the highest possible rates and other possible objectives of the SSH, KAD or the Republic of Slovenia in disposing of assets must be clear.

(3) The asset management policy shall be adopted by the management board of the SSH, and subsequently approved by the supervisory board of the SSH.

(4) The provisions of the asset management policy shall be binding on the bodies of the SSH.

Article 32

(Corporate Governance Code of companies with a financial asset of the state)

(1) The Corporate Governance Code of companies with a financial asset of the state (hereinafter referred to as: the Code) includes principles and recommendations of good practice for the corporate governance of companies with a financial asset of the state.

(2) The Code shall include various recommendations for companies with different legal forms, ownership structures and with a consideration of whether the securities of the companies are traded in the regulated securities market.

(3) The SSH shall strive to ensure that in their business reports, companies with a financial asset of the state refer to the Code in accordance with the act regulating companies, and disclose in each annual report how they have complied with the Code according to the 'comply or explain' principle.

(4) All other possible guidelines and positions of the SSH which are in any manner forwarded to companies with a financial asset of the state shall be fully compliant with the Code and the policy.

(5) The Code shall be adopted by the management board of the SSH, and subsequently approved by the supervisory board of the SSH.

(6) The recommendations of good corporate governance included in the Code shall also be observed *mutatis mutandis* by the SSH when conducting its activities.

Chapter 4 STATUS AND MANAGEMENT OF THE SSH

Section 1 Status of the SSH

Unofficial translation

Article 33
(legal form of organisation and name of the SSH)

(1) The SSH is a public limited company. The founder and sole shareholder of the SSH is the Republic of Slovenia.

(2) The name of the SSH is: Slovenski državni holding, d. d.

(3) The abbreviated name is: SDH, d. d.

(4) The English name is: Slovenian Sovereign Holding.

(5) The abbreviated English name is: SSH.

Article 34
(application of acts)

(1) The provisions of the act regulating companies apply to the SSH unless otherwise determined by this Act.

(2) The provisions of the act regulating financial conglomerates do not apply to the SSH.

Article 35
(application of the International Financial Reporting Standards)

The SSH shall keep books in compliance with the International Financial Reporting Standards.

Article 36
(prohibition of conclusion of sponsorship or donor contracts)

The SSH must not conclude any sponsorship or donor contracts.

Section 2
Bodies of the SSH

Article 37
(SSH bodies)

The SSH comprises the following bodies:

- general assembly,
- supervisory board,
- management board,
- expert committee for economic and social issues.

Article 38
(SSH general assembly)

Unofficial translation

The tasks and powers of the SSH general assembly in accordance with the provisions of this Act shall be executed by the Government.

Article 39
(composition of the SSH supervisory board)

(1) The supervisory board of the SSH consists of five members. The provisions of the act regulating worker participation in management shall not apply to the supervisory board of the SSH. Any person who, in addition to the conditions stipulated by the act regulating companies, also fulfils the following conditions and criteria may be elected a member of the supervisory board of the SSH:

- is characterised by personal integrity and business ethics;
- has experience confirmed by business success and reputation;
- has an education obtained according to study programmes for the second Bologna degree, or for the level of education acquired in study programmes which legally comply with the second Bologna degree,
- has at least ten years of suitable work experience in management or corporate governance and displays good comparable results in their work,
- has not been sentenced for a criminal act prosecuted *ex officio* or under indictment for a criminal act prosecuted *ex officio*;
- does not perform a function which, according to the act governing the integrity and prevention of corruption as per this or another act, is incompatible with membership of a supervisory body or management body and has not performed such function in the previous six months,
- is not a member of a management or supervisory body in a company in which the SSH has a majority share or prevailing influence,
- is not an individual who in the last six months performs or who performed a function to which he or she has been elected or appointed in a political party.

(2) Members of the supervisory board of the SSH shall not be in a business relationship with a company with a financial asset of the state, or with a company associated with it. A business relationship is any legal transaction, except a transaction in which a member of the supervisory board of the SSH is a consumer of regular products and services of the company in which the SSH has or manages a financial asset under the general conditions applied to other subjects in the market.

(3) The supervisory board of the SSH shall be composed of members who mutually complement each other with regard to expertise and competence. Experts in finance, corporate management, liability and asset management and corporate law shall be appointed to it.

Article 40
(appointment of the supervisory board of the SSH)

(1) All members of the supervisory board of the SSH shall be appointed by the National Assembly on the proposal of the Government. The National Assembly consents to all candidates proposed by the Government and is not permitted to change them.

(2) A member of the supervisory board of the SSH shall be appointed for a period of five years, with the possibility of a single reappointment.

Unofficial translation

(3) Before the Government proposes the candidates for the supervisory board of the SSH to the National Assembly, the minister responsible for finance, who prepares the proposal for the Government, shall constitute an expert commission which must include experts with experience in corporate governance, human resource management and the functioning of supervisory boards. The expert commission shall prepare the criteria for evaluating the expert knowledge, experience and skills required for the high-quality performance of functions of members of the supervisory board of the SSH, and also prepare target expert profiles for individual members. The expert commission shall also implement the procedure for acquiring candidates for members of the supervisory board of the SSH and assessment of candidates and draft a proposal for members of the supervisory board of the SSH for the minister responsible for finance, whereby all individual members and the supervisory board as a whole must be compliant with Article 39 of this Act.

(4) If the ministry responsible for finance proposes to the Government members of the supervisory board of the SSH who have not been proposed by the expert commission, the ministry shall disclose this information publicly. The selection procedure for these candidates, the names of those who invited them to participate and how compliance with Article 39 of this Act was ensured shall also be made public.

(5) If the Government proposes to the National Assembly members of the supervisory board of the SSH who have not been proposed by the ministry responsible for finance, it shall disclose this information publicly. The selection procedure for these candidates, the names of those who invited them to participate and how compliance with Article 39 of this Act was ensured shall also be made public.

Article 41

(functioning of the supervisory board of the SSH)

(1) The supervisory board of the SSH shall be in quorum if more than half of its members are present when attendance is being determined.

(2) The supervisory board of the SSH shall take decisions by a simple majority; in the absence of a majority vote, the president of the supervisory board or his or her deputy shall have the casting vote. The deputy shall assume the rights and obligations of the president only if the latter is absent or is unable to exercise his or her rights and obligations in accordance with the provisions of the act regulating companies.

(3) The ministers responsible for finance and economy and the president of the Commission of the National Assembly for Public Finance Control are permitted to attend a session of the supervisory board of the SSH, but they do not have a voting right at sessions. An invitation, all the material and full minutes of the supervisory board are sent to them for every session.

Article 42

(powers of the supervisory board of the SSH)

(1) The supervisory board of the SSH supervises the realisation of governance acts and operation of the SSH.

Unofficial translation

(2) All other tasks, powers and obligations of the supervisory board of the SSH not specified in this Act shall be subject to the provisions of the act regulating companies.

Article 43

(commissions of the supervisory board of the SSH)

(1) The supervisory board of the SSH shall appoint an audit commission and a risk commission. In compliance with the act regulating companies, it may also appoint other commissions if so required for its work.

(2) The provisions of the act regulating companies shall apply fully to the audit commission.

(3) With regard to the composition of the risk commission, the provisions of the act regulating companies in the section governing the audit commission shall apply *mutatis mutandis*.

(4) The risk commission is a consultative body which, on the basis of this Article and the policy, forms expert opinions on the established risk management system and recommends improvements to it.

Article 44

(recall of a member of the supervisory board of the SSH)

A member of the supervisory board of the SSH can be recalled by the National Assembly on the proposal of the Government:

- if it is established subsequently that he or she does not fulfil the conditions for appointment,
- if he or she is permanently unable to perform their function,
- if he or she does not implement their tasks as determined in this Act and the asset management acts in this Act,
- if he or she does not implement their tasks as determined by the act regulating companies,
- if he or she implements the tasks referred to in the preceding two indents unconscientiously or unprofessionally,
- if it is established subsequently that prior to their appointment in accordance with the second paragraph of Article 59, he or she failed to disclose circumstances that may cause a conflict of interest, or that he or she provided false information,
- if he or she violates the provisions of Chapter 6 of this Act, and the Act considers such violation a serious violation of work obligations and responsibilities,
- if he or she performs functions incompatible with the function of a member of the supervisory board of the SSH.

Article 45

(remuneration of members of the supervisory board of the SSH)

The remuneration of the president and members of the supervisory board of the SSH shall be determined by the Government as the general assembly of the SSH.

Unofficial translation

Article 46
(management board of the SSH)

(1) The management board of the SSH is constituted of the president and two members, who are appointed by the supervisory board of the SSH on the basis of an international call for applications or cooperation with an international recruiting agency.

(2) A person who, in addition to the conditions stipulated by the act regulating companies, also fulfils the following conditions, may be elected a member of the management board of the SSH:

- is characterised by personal integrity and business ethics,
- has an education acquired in accordance with study programmes of the second level in accordance with the act regulating higher education, or a level of education which, in accordance with the act regulating higher education, corresponds to education of the second level,
- has ten years of work experience in managerial posts, including at least three years in comparable activities, and displays good comparable results in their work,
- at least one person with a knowledge of the English language at the advanced level, and at least one person with an knowledge of the Slovenian language at the advanced level,
- has not been sentenced for a criminal act prosecuted *ex officio*, and is not under indictment for a criminal act prosecuted *ex officio*,
- does not perform a function which, according to the act governing the integrity and prevention of corruption as per this or another act, is incompatible with membership of a supervisory body or management body in a company, and has not performed such function in the previous six months,
- does not perform or has not performed in the last six months a function to which he or she has been elected or appointed in a political party.

(3) A member of the management board of the SSH shall be appointed for a period of four years, with the possibility of reappointment.

(4) The position of a member of the management board of the SSH is incompatible with membership of the management of a company in which the SSH has a majority stake or prevailing influence, and of a company performing an activity that is, or could be, in a competitive relationship with the activity of the company with a financial asset of the state.

(5) A breach of the obligations on the basis of this Act or the governance acts is a serious breach of the obligations of a member of the management board of the SSH. The provisions of the act regulating companies shall apply to dismissals of members of the management board of the SSH.

(6) Members of the management board of the SSH shall not be in a business relationship with a company with a financial asset of the state, or with a company associated with it. A business relationship is any legal transaction, except a transaction in which a member of the management board of the SSH is a consumer of the regular products or services of the company with a financial asset of the state under the general conditions applied to other subjects in the market.

(7) The remuneration of the president and members of the management board of the SSH shall be determined by the supervisory board of the SSH. The provisions of the act governing the remuneration of members of supervisory bodies in

Unofficial translation

companies with majority ownership held by the Republic of Slovenia and self-governing local communities shall not apply.

Article 47

(powers of the management board of the SSH)

(1) The management board of the SSH shall be responsible for all managerial decisions of the SSH. It shall conduct the business of the company independently and on its own responsibility in compliance with the asset management acts. This Act or the statute of the SSH may determine that the management board of the SSH is permitted to conduct certain types of businesses only in agreement with the supervisory board of the SSH. Notwithstanding the provisions of the act regulating companies, the supervisory board of the SSH shall not determine with a decision the obligations of the management board of the SSH to acquire consent for certain types of businesses if this is not stipulated by this Act or the statute of the SSH.

(2) All other tasks, powers and obligations of the management board of the SSH which are not specified in this Act are determined by the act regulating companies.

Article 48

(human resources commission)

(1) The management board of the SSH shall appoint a human resources commission.

(2) The human resources commission is a consultative body of the management board of the SSH which, on the basis of this act and management policy, performs operative procedures for acquiring candidates for membership of the supervisory bodies of companies with a financial asset of the state, the assessment procedures for these candidates and the procedures for their accreditation.

(3) The human resources commission shall include three members appointed by the management board of the SSH among external experts in the fields of corporate governance, human resources management and the functioning of supervisory boards for a four-year term. A member of the human resources commission shall not be a member of bodies of a political party, of the management board or the supervisory board of the SSH and shall not be employed in a company in which a financial asset is managed by the SSH.

(4) The criteria, procedure for determining the appropriateness of candidates and rules on the operation of the human resources commission shall be published on the website of the SSH when determined and adopted by the management board of the SSH.

(5) If the SSH proposes a candidate who has not been proposed by the human resources commission, it must provide for the publicity of such decision, including the conditions and criteria under which the proposed candidates are deemed to be more appropriate than the nominated ones. The traceability of the selection procedure for these candidates, the names of those who invited them to participate and how compliance with the appropriateness criteria was ensured shall also be provided.

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Article 49
(expert committee for economic and social issues)

(1) The expert committee for economic and social issues (hereinafter referred to as: ECECI) is a consultative body of the management board of the SSH.

(2) Its purpose is to provide advice to the management board of the SSH by key stakeholders in the governance system, while it has no managerial powers. It provides opinions and initiatives to the management board of the SSH regarding economic and social issues.

(3) The tasks, powers and the manner of operation of the ECECI are determined in more detail in the statute of the SSH.

(4) The management board of the SSH is obliged to discuss the opinions, proposals and recommendations of the ECECI and take a position on them.

Article 50
(structure of the ECECI)

The ECECI is composed of seven representatives of trade union associations or confederations, representative at the national level, who are members of the Economic and Social Council. Members of the ECECI shall be appointed by trade union associations or confederations as referred to in the previous sentence, while they shall be confirmed by the management board of the SSH. Members of the ECECI shall be appointed for five-year terms, and they shall elect the president of the ECECI from among their membership.

Chapter 5
KAD

Article 51
(KAD is an independent legal entity)

(1) KAD is an independent legal entity.

(2) The Republic of Slovenia is the sole shareholder of KAD. The SSH must not dispose of the financial asset in KAD.

(3) KAD performs the tasks determined by this Act and the act regulating pension and disability insurance.

(4) The tasks of the general assembly of KAD are performed by the general assembly of the SSH.

(5) The managerial body of KAD is the management board of KAD, which has two members at least and three members at most. Members of the management board of KAD are appointed by the supervisory board of KAD on the basis of a public call for applications. The same conditions and criteria as apply to members of the management board of the SSH shall apply to members of the management board of KAD in accordance with this Act.

Unofficial translation

(6) The same conditions and criteria as apply to members of the supervisory board of SSH shall apply to members of the supervisory board of KAD in accordance with this Act. The supervisory board of KAD has six members, who are appointed in the following way:

- three members are appointed on the proposal of the SSH,
- two members are appointed on the proposal of an association or organisation of pensioners at national level, and
- one member is appointed on the proposal of a trade union association or confederation representative at national level.

(7) The supervisory board of KAD elects the president from among the members appointed on the proposal of the SSH, and the deputy president from among the members proposed by the association or organisation of pensioners at national level.

(8) In the absence of a majority vote in the decision-making of the supervisory board of KAD, the president has the casting vote.

(9) The manner in which proposals for the election of members of the supervisory board of KAD are created is determined by the company's statute. If an individual interest group referred to in the sixth paragraph of this Article fails to create a proposal for the election of members of the supervisory board of KAD in the manner determined in the company's statute, the company's general assembly shall decide on the election of the requisite members of the supervisory board of KAD at its own discretion.

Article 52

(securing funding for the Pension and Disability Insurance Institute)

(1) KAD's assets may be used only for the purposes determined by the act regulating pensions and disability insurance.

(2) The distributable profit of KAD may not be distributed to shareholders.

(3) KAD transfers to the Pension and Disability Insurance Institute (hereinafter referred to as ZPIZ) EUR 50 million annually, at the latest on 29 September, primarily for the purposes of indexing pensions, or a proportionately lower amount if the amount for indexation of pensions is lower.

Article 53

(management of financial assets of KAD)

(1) KAD manages its financial assets autonomously and independently in accordance with this Act.

(2) Notwithstanding the previous paragraph, in the case of the procedure of the sale of a financial asset of the state, this procedure is merged with the procedure of sale of the financial asset of KAD in the same company. The procedure shall be

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conducted on behalf of, and for the account of, KAD by the SSH at its own discretion with due care, skill and diligence.

(3) The relationships between the SSH and KAD regarding the management of an individual sales procedure as referred to in the previous paragraph are regulated with a special agreement between the SSH and KAD.

(4) In case of the exercise of voting rights at general assembly meetings of companies with a financial asset of the state, the SSH executes the voting rights on behalf of, and for the account of, KAD. The SSH coordinates its viewpoints with KAD, whereby the particularities and purpose of establishing KAD are taken into account. If the viewpoints fail to be coordinated, the SSH exercises the voting rights of KAD at its own discretion.

Chapter 6

MEASURES TO ENHANCE INTEGRITY AND RESPONSIBILITY AND LIMITATION
OF RISKS OF CORRUPTION, CONFLICT OF INTEREST AND ABUSE OF
INTERNAL INFORMATION IN THE MANAGEMENT OF ASSETS OF THE STATE

Section 1

Compliance of performance and integrity

Article 54

(compliance officer)

(1) For the needs of establishing and implementing a performance and integrity compliance system, the SSH shall employ a compliance officer who is responsible for:

- preparing a draft integrity plan and proposals for the implementation of the integrity plan and other measures of internal control to detect and prevent risks of corruption, conflict of interest, unauthorised non-public political and interest influence on decision-making and other unlawful and unethical conduct in the SSH and in relation to companies in which the SSH has a majority share or prevailing influence and in relation to external stakeholders;
- preparing draft measures and implementing measures to limit risks of illicit insider trading and unauthorised disclosure of confidential and protected information;
- awareness-raising, training and consulting the management board of the SSH, the supervisory board of the SSH, the internal audit service or the auditor and employees of the SSH on enhancing integrity, compliance of business activities with regulations and codes of conduct, eliminating risks of corruption and conflicts of interest, and other unethical and unlawful conduct;
- consulting managing and supervisory bodies and internal audit services or auditors in companies in which the SSH has a majority share or prevailing influence on enhancing integrity, compliance of business activities with regulations and codes of conduct, eliminating risks of corruption and conflicts of interest, and other unethical and unlawful conduct;
- establishing and implementing a programme to protect employees in the SSH who in good faith report alleged unlawful or unethical conduct of their superiors;
- regular cooperation with responsible supervisory bodies on integrity and the prevention of corruption, law enforcement authorities, access to information of a public character and auditing;
- performing other tasks in compliance with the Act and acts of the SSH.

Unofficial translation

(2) The compliance officer shall be provided with suitable independence for implementing his or her tasks. If necessary, an expert service shall be formed within the compliance officer's office.

(3) A person who meets the conditions for membership in the management board of the SSH may be appointed a compliance officer as per this Act. The compliance officer shall be appointed by the management board of the SSH following the prior consent of the supervisory board of the SSH. The compliance officer may be relieved of his or her duties only with consent of the supervisory board of the SSH.

Article 55

(risk management and integrity plan)

(1) In accordance with this Act and the use of the provisions of the act governing the integrity and prevention of corruption, as well as the guidelines for the creation of integrity plans, examination of the functioning of integrity plans and evaluation of integrity in accordance with Article 50 of the Integrity and Prevention of Corruption Act (Official Gazette of the Republic of Slovenia, no. 69/11 – official consolidated text), the SSH must create and implement the integrity plan as an internal control tool for detecting and limiting the risk of corruption, conflicts of interest, unauthorised disclosure of internal information and protected information or trading with such information and other unlawful and unethical conduct in the SSH and in relationships with companies in which the SSH has a majority share or prevailing influence, and with external stakeholders.

(2) The integrity plan and its amendments shall be confirmed by the supervisory board of the SSH on the proposal of the management board of the SSH. Prior to approval, the supervisory board shall acquire the opinion of the Commission for the Prevention of Corruption.

(3) The compliance officer shall be responsible for monitoring the implementation of the integrity plan, and report on his or her activities to the supervisory board of the SSH at least every three months.

(4) Supervision of the implementation of the integrity plan shall be implemented by the supervisory board of the SSH, i.e. *inter alia* with regular reviews of reports of the authorised compliance officer, proposals to the management board of the SSH with regard to changes to the integrity plan and additional risk management measures, and by monitoring the implementation of measures within the deadlines determined in the integrity plan.

(5) While using powers as per the act governing the integrity and prevention of corruption, the Commission for the Prevention of Corruption may conduct supervision in the SSH of the implementation of the integrity plan in order to eliminate individual or general risks of corruption and conflicts of interest.

(6) On the basis of a proposal from the management board of the SSH or the supervisory board of the SSH, the Commission for the Prevention of Corruption, while using powers as per the act governing the integrity and prevention of corruption, may issue a decision ordering a company in which the SSH has a majority share or prevailing influence to draft an integrity plan.

Unofficial translation

(7) In the case described in the preceding paragraph, the provisions of this Article and the act governing the integrity and prevention of corruption and guidelines prepared in accordance with this Act shall apply *mutatis mutandis* to the drafting, implementation and supervision of integrity plans.

Article 56
(protection of data and internal information)

(1) The SSH shall protect all data, facts and circumstances concerning an individual company with a financial asset of the state as confidential, irrespective of how they are acquired. The plans and intentions for the disposal of an individual financial asset of the state shall always be considered confidential data.

(2) Members of bodies of the SSH, employees of the SSH or other persons who, in relation to their work in the SSH, have access to confidential information referred to in this Article, shall not forward without authorisation these data to third parties or use them for their own benefit, or enable third parties to use them, unless this information is required by the agency responsible for the supervision of the securities market in order to conduct supervision in compliance with this Article, or by any other supervisory authority due to supervision implemented according to its legislative powers.

(3) The SSH shall continuously upgrade the list of companies with a financial asset of the state in relation to which it obtained confidential information or data which have the characteristics of internal information as per the act regulating the financial instruments market. In addition to the data on the financial asset, which must be expressed with the quote of a security, the list must contain data on the basis of which it is possible to appropriately identify the persons acquainted with internal information. All employees and other persons who perform tasks in the SSH related to asset management shall be informed of the content of the list.

(4) The SSH shall keep a record of all transactions with assets on the list referred to in the third paragraph of this Article, which were conducted by:

- a person who holds a position as a member of its management or supervisory body,
- a person employed at the SSH, or another person who, regarding his or her work at the SSH or when performing services for the SSH, has access to confidential information referred to in the first paragraph of this Article,
- a family member of the person referred to in the first and second indents of this paragraph,
- a company subordinate to the person referred to in the first, second or third indent of this paragraph.

(5) The compliance officer shall be the keeper of the record referred to in the preceding paragraph.

(6) The SSH shall establish a system of regular reporting on the transactions referred to in the fourth paragraph of this Article, and implement suitable measures to ensure regular keeping of the record on these transactions.

(7) The disclosure of protected data or internal information executed intentionally or due to serious negligence shall be considered a gross violation of employment and contractual obligations as per this Article.

Unofficial translation

(8) Supervision of the implementation of this Article shall be conducted by the agency established on the basis of the act regulating the securities market. The SSH shall present to the agency established on the basis of the act regulating the securities market the list and the record referred to in the third and fourth paragraphs of this Article by the end of each calendar year.

Article 57

(reporting of unethical or unlawful conduct or influence)

(1) Members of the management board of the SSH, members of the supervisory board of the SSH, employees of the SSH, members of the human resources commission or members of the consultative bodies of the SSH, who in good faith believe that they are being requested to act unlawfully or unethically in relation to their work or position, or that they are being subjected to non-public influence, pressures, psychological or physical violence, or that they are receiving inappropriate proposals from third parties with this purpose, must report such conduct to the compliance officer. The compliance officer must respond immediately to such reports in accordance with the integrity plan and other acts of the SSH, evaluate the actual situation and take necessary measures to prevent further unlawful or unethical requests and harmful consequences.

(2) The compliance officer shall immediately notify the Commission for the Prevention of Corruption or another competent state authority of the report referred to in the preceding paragraph. Instead of the compliance officer, the individual referred to in the preceding paragraph may also submit the report directly to the Commission for the Prevention of Corruption.

(3) The individual referred to in the first paragraph of this Article is obliged to inform the compliance officer within three days of any non-public contact established with a member or a representative of a political party or a person acting on their behalf if they are contacted for the purpose of lobbying in relation to the implementation of management rights in individual companies or in relation to obtaining or disposing of a financial asset of the state. This obligation is also valid in cases of contact with officials of executive or legislative branches of government or officials of local self-government if the contact is not a part of the regular implementation of their legislative power in relation to the SSH. The compliance officer shall keep a register of such contacts.

(4) Supervision of the implementation of provisions of this Article shall be conducted by the Commission for the Prevention of Corruption.

Article 58

(protection of reporters)

The procedures relating to the protection of persons who report corruption and other unethical or unlawful conduct with regard to the SSH and companies in which the SSH has a majority share or prevailing influence shall be subject to the provisions of the act regulating the integrity and prevention of corruption.

Section 2

Unofficial translation

Limitation of conflicts of interest

Article 59

(obligation to disclose and avoid conflicts of interest)

(1) In their work, members of the management board and supervisory board of the SSH, employees in the SSH, members of the human resources commission, the compliance officer and members of the consultative bodies of the SSH shall disclose any circumstances in accordance with this Act which may lead to a conflict of interest, and are strictly obliged to avoid such conflict of interest as defined by the act regulating the integrity and prevention of corruption. Their job or position and the information acquired while performing their work must not be used to realise their own or another person's unauthorised private interest.

(2) Prior to deciding on their appointment, a candidate for membership of the management board of the SSH or the supervisory board of the SSH, for the human resources commission, for the procurator, the proxy or another managerial position in the SSH and a candidate for membership of management or supervisory bodies in companies in which the SSH has a majority share or prevailing influence shall submit to the appointing body a statement which discloses whether he or she is in circumstances that may lead to a conflict of interest as per this Article.

(3) Members of the management board or the supervisory board of the SSH, of the human resources committee, the procurator, the proxy or persons holding another managerial position in the SSH and member of the management or supervisory bodies in companies in which the SSH has a majority share or prevailing influence shall disclose the following data one month after their appointment to any of the aforementioned positions:

- data on equity stakes, stocks and management rights that they or their family members own,
- data on the functions and/or work they performed in the preceding five years (or continue to perform) in entities governed by public or private law,
- data on debts, liabilities or guarantees assumed and loans granted in which they, or the parties referred to in the first indent of this paragraph, have more than a 25 per cent ownership share, with the provision of the amounts and names of the parties with whom they are in the aforementioned debtor/creditor relationship,
- data on whether they or their family members or other parties in which they have more than a 25 per cent ownership share have outstanding tax liabilities,
- other circumstances that could influence or actually influence the impartial and objective performance of their tasks or their personal integrity.

(4) An individual who, during the performance of their work, detects circumstances that may lead to a conflict of interest is obliged to disclose these circumstances immediately, and either remove themselves from further work, influence or decision-making on the matter, or request that his/her removal or other necessary measures be decided by the body in compliance with the fifth paragraph of this Article. Until the decision, which the body referred to in the fifth paragraph of this Article has to make within ten working days from the receipt of the request, the individual must not perform work on the matter in question or make decisions on it, unless great business damage would occur due to postponement.

(5) The following persons or body shall be responsible for decision making as per the preceding paragraph:

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- the management board of the SSH on behalf of an employee (excluding the proxy) of the SSH,
- the supervisory board of the SSH on behalf of a member of the management board of the SSH, the president of the management board of the SSH, the proxy or the procurator,
- other members of the supervisory board of the SSH by a vote on behalf of a member of the supervisory board of the SSH, including the president,
- the management board of the SSH on behalf of a member of the human resources commission,
- the supervisory board of the SSH on behalf of the compliance officer,
- the contract custodian, or on his or her proposal, the management board of the SSH on behalf of an external partner or adviser.

(6) The procedure for the disclosure of a conflict of interest, recusal or decision making as per the preceding paragraph shall be documented in writing and explained. The compliance officer shall be informed of each case within three days of the event at the latest.

(7) When deciding in relation to a conflict of interest as per this Article, an individual or a body referred to in the fifth paragraph of this Article may acquire a preliminary opinion from the compliance officer.

(8) A failure to disclose and avoid a conflict of interest as per this Article which is intentional or due to serious negligence shall be considered a severe violation of employment and contractual obligations.

(9) This Article shall also apply *mutatis mutandis* to the conduct of external legal entities and individuals who provide contractual or consulting services for the SSH, and to members of management and supervisory bodies, procurators and persons in managerial positions in companies in which the SSH has a majority share or prevailing influence, whereby the decision-making bodies in accordance with the fifth paragraph of this Article shall be the bodies of companies in which the SSH has a majority share or prevailing influence.

(10) When performing their functions in the SSH and six months after termination of their employment, members of the management board and the supervisory board of the SSH, members of the human resources committee, the procurator, the proxy or persons in another managerial position in the SSH and their close family members shall not, on their behalf, or for their account, conduct transactions with securities and assets of companies in which the SSH has a majority share or prevailing influence.

Article 60

(limitations on transactions with related parties)

(1) The SSH shall not conduct business with a company, sole proprietor or any other business entity in the public or private sector in which a member of the management board of the SSH, a procurator of the SSH or a close family member is any of the following:

- a legal representative, member of the management or supervisory body or procurator,
- a holder of the undertaking or

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- a sole owner, or co-owner with close family members, of more than five per cent of the share capital.

(2) The SSH shall not conduct business with a company, sole proprietor or any other business entity in the public or private sector in which a member of the management board of the SSH or their close family member is a holder of the undertaking or, if alone, or with close family members, they own more than five per cent of the share capital.

(3) The purchase and sale of goods and services, order and implementation of construction, awarding of grants, assumption of sponsorship and entering into similar business relationships, with the exception of transactions in which an individual is a consumer of regular products or services under the general conditions applied to all subjects in the market is considered as conducting business as per the first and second paragraphs of this Article.

(4) Notwithstanding the provisions of the preceding paragraphs of this Article, the conclusion of an individual transaction with related parties is permissible on the basis of a decision of the supervisory board of the SSH. The supervisory board of the SSH may issue permission for the conclusion of a transaction on the basis of a reasoned proposal from the management board of the SSH if it assesses that the transaction is of significant economic interest to the SSH and that, in relation to the conclusion of the transaction, the risks of conflicts of interest, corruption and abuse of internal information are suitably managed and the integrity of the SSH is ensured. The decision of the supervisory board of the SSH, elaborated in writing and permitting such transaction, is information of a public character and shall be published on the SSH's website.

(5) Limitations on transactions as per this Article shall also apply to transactions between the SSH and entities in which the SSH owns an asset.

(6) The SSH shall keep an updated list of entities on its website to which limitations on transactions apply as per this Article.

(7) Agreements and transactions concluded in conflict with this Article intentionally or due to serious negligence shall be considered void.

(8) The violation of limitations of transactions as per this Article conducted intentionally or due to serious negligence shall be considered a severe violation of employment and contractual obligations.

(9) The provisions of this Article shall also apply *mutatis mutandis* to companies in which the SSH has a majority stake or prevailing influence. The related parties are identified for each individual company in accordance with this Article and the limitations shall apply only to transactions with parties related to each individual company in accordance with this Article.

(10) The limitations on the SSH's transactions with related parties shall continue to apply one year after the termination of the function of a member of the management board of the SSH, the procurator of the SSH or a member of the supervisory board of the SSH.

Unofficial translation

(prohibition and limitations relating to acceptance of gifts)

(1) Members of the management board and the supervisory board of the SSH, employees of the SSH, members of the human resources commission and members of consulting bodies of the SSH shall not accept gifts or other benefits (hereinafter referred to as: gifts) related to the performance of their work in the SSH or related to their position in the SSH.

(2) The prohibition on accepting gifts or benefits relating to the performance of work or position in the SSH shall also apply to family members of the individuals referred to in the preceding paragraph.

(3) Notwithstanding the limitation referred to in the first paragraph of this Article, an individual may receive an occasional, symbolic or promotional gift worth up to 75 euros (and 150 euros at most in a calendar year if gifts are received from the same person or entity) and entertainment which is traditionally or usually presented or offered at certain events, such as business, cultural, sporting, educational and other gatherings or meetings. An individual shall report the receipt of each gift to the compliance officer. If such a gift exceeds the value of 75 euros, it shall become the property of the SSH.

(4) Notwithstanding the provision of the third paragraph of this Article, the persons referred to in the first paragraph of this Article shall not accept a gift:

- if giving or accepting such a gift is considered a criminal offence,
- if this is prohibited in accordance with another act or regulations issued on the basis thereof,
- if the gift constitutes cash, securities, gift vouchers or precious metals;
- if the acceptance of the gift is intended to, or creates the appearance of, unlawfully influencing a person as per the first paragraph of this Article.

(5) An individual as referred to in the first paragraph of this Article shall warn the person who wishes to give a gift relating to the performance of his or her work or position in the SSH to the individual or his or her family member which does not fall within the third paragraph of this Article about the prohibition on accepting gifts under this Article and reject the offered gift. If the person offering a gift insists on giving the gift, the individual or their family member shall immediately hand the gift over to the SSH.

(6) The register of gifts as per this paragraph shall be kept by the compliance officer.

Section 3

Supervision of the financial situation of members of management and supervisory bodies of the SSH

62. Article 62

(supervision of the financial situation of members of management and supervisory bodies of the SSH)

(1) Members of the management board and the supervisory board of the SSH, procurators of the SSH and the compliance officer shall be subject to the supervision of their financial situation according to the act regulating the integrity and prevention of corruption. The same supervision shall apply to members of management

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boards, members of supervisory bodies and procurators of companies in which the SSH has a majority stake or prevailing influence.

(2) The provisions of the act regulating the integrity and prevention of corruption shall apply to procedures for reporting persons liable, their financial situation, changes in their financial situation and the implementation of supervising the financial situation of persons liable as referred to in the preceding paragraph.

Section 4
Enhancement of transparency of operation

Article 63
(access to information of a public character)

The SSH is liable to provide information of a public character. The provisions of the act regulating access to information of a public character shall apply in the procedure for providing information of a public character and the obligations of the person liable.

Article 64
(public notification)

- (1) On its website, the SSH shall publicly and regularly publish and update:
- the management policy and extent of individual assets in companies and their changes;
 - the code and all its amendments; the integrity plan for risk management and other acts which in individual narrow and content-defined fields regulate in more detail the procedures and criteria of SOD regarding management;
 - criteria for evaluating assets;
 - annual and quarterly management reports;
 - audit reports;
 - list of entities to which limitations on transactions with related parties apply in compliance with the legislation;
 - information on the composition of management (including procurators) and supervisory bodies, the human resources commission, consulting bodies of the SSH and the compliance officer (including curricula vitae, statements on disclosure of conflicts of interest in accordance with the second paragraph of Article 59 of this Act, contractually agreed remuneration and/or bonuses and information relating to the procedure of employing the listed persons).

(2) The obligation to publish data under the fifth, sixth and seventh indents of the preceding paragraph shall also apply to companies in which the SSH has a majority stake or prevailing influence.

(3) All published content under the first and second paragraphs of this Article shall be available at least five years after its first publication. If quarterly or annual reports of the SSH or the integrity plan include data which, in accordance with the law, are confidential or a business secret, or whose disclosure could be a serious obstacle to the internal operation of the SSH or the company referred to in the preceding paragraph, such data shall be redacted.

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(4) This Article shall not limit the obligations and procedures to publish or enable access to information of a public character by which the SSH is bound on the basis of other acts.

(5) Supervision of the implementation of this Article shall be carried out by the Securities Market Agency.

Article 65

(disclosure of data on payment transactions of the SSH)

For the purpose of enhancing transparency and management responsibility, the SSH, while observing business secrets and personal data protection, is obliged to submit the data necessary for inclusion in the publication system of data on payment transactions to the Commission for the Prevention of Corruption through the on-line application for payment transactions in the same way as this applies for budget users performing payment services.

Article 66

(recording and disclosing decisions at individual shareholders' meetings)

(1) The SSH shall determine by an internal act the manner of reporting and handling reports from individual authorised representatives for shareholders' meetings.

(2) The SSH shall publicly disclose its operations at every meeting. The disclosures shall be made public at the SSH's website two working days after the meeting, or two days after the authorised representative is able to ensure the completeness of the material in the circumstances for individual limited liability companies. The SSH's failure to participate at the meeting of the company with a financial asset of the state shall be published with a special written disclosure, and reasons for absence shall be explained.

(3) The disclosures under this Article shall clearly state which company is referred to, when the meeting took place, the items on the agenda and all activities of the SSH at the meeting, including the filing of counter-proposals, and the voting of the SSH on proposals and counter-proposals. Each disclosure shall include a statement as to whether the participation of the SSH at an individual meeting was in compliance with this Act and the governance acts.

Article 67

(reporting to the National Assembly)

(1) The SSH shall report to the National Assembly annually, at the latest on 31 October, on its performance in the previous year; reports must be based on a display of indicators for all companies in which the SSH holds a financial asset. Reporting must also include disclosure of the criteria for measuring the performance of companies with a financial asset of the state and the fulfilment of these criteria in the

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previous year. While discussing the annual report, the National Assembly may adopt its positions regarding the performance of the SSH and management of assets.

(2) The SSH shall report quarterly about its work to the Government, while also sending copies of the quarterly reports to the Commission of the National Assembly for Public Finance Control.

Section 5
External supervision and assurance of responsibility

Article 68
(diligence and damage liability)

(1) Members of the bodies of the SSH shall act with due diligence, as defined in the act regulating companies and the principles of asset management stipulated by this Act.

(2) The provisions of the act regulating companies shall apply fully to the responsibility of members of the management and supervisory bodies of the SSH for damages incurred to the SSH as a result of their failure to perform due diligence.

(3) Members of the management and supervisory bodies of the SSH shall be jointly and severally liable with all their property to the Republic of Slovenia for damages incurred as a result of their implementation of rights of shareholders or partners in companies owned by the Republic of Slovenia, unless they can prove that they acted with due diligence as per the first paragraph of this Article and thus fully complied with the legislation, internal acts of the company and the governance acts.

Article 69
(auditing and compensation procedures and representatives of public interest)

If, within the implementation of their legislative powers, the Ministry of Finance, the Court of Audit of the Republic of Slovenia, the Commission for the Prevention of Corruption, the Securities Market Agency or the Slovenian Competition Protection Agency establish facts and circumstances that give rise to a suspicion of damage to the Republic of Slovenia or the SSH, they may, as representatives of the public interest, propose to the management or supervisory bodies of the SSH or to the Government of the Republic of Slovenia procedures for the initiation of special audits or compensation procedures against members of management or supervisory bodies and any other suitable procedures to protect the assets and interests of the Republic of Slovenia or the SSH in accordance with the provisions of this Act and the act regulating companies. If a management or supervisory body of the SSH or the Government rejects the proposal or fails to respond to it within 30 days, the bodies referred to in the first sentence, in cooperation with the State Attorney's Office of the Republic of Slovenia, may commence on their own on behalf and for the account of the Republic of Slovenia or on behalf of, and for the account of, the SSH procedures to initiate special audits, compensation procedures and any other suitable procedures to protect the assets and interest of the Republic of Slovenia or the SSH in accordance with the provisions of this Act and the act regulating companies.

Article 70

Unofficial translation

(limitation period for damage liability)

(1) Notwithstanding the provisions of the act regulating obligatory relationships, damage liability for damage incurred against:

- a member of the management board, supervisory board, the human resources commission and a person in a managerial position in the SSH, and
- external legal entities and individuals who provide consulting services for the SSH

shall fall under the statute of limitations after five years from when the injured party was informed of the damage and of the person who caused it, or in five years from the end of their term of office as a member of the management board or the supervisory board, or in five years from the end of the provision of external consulting service for external legal entities and individuals.

(2) In any cases, the liability referred to in the preceding paragraph shall fall under the statute of limitations after ten years from the occurrence of the damage.

Article 71

(supervision by the Court of Audit)

(1) The Court of Audit is the institution competent for performing audits of correctness and diligence of operation of the SSH in accordance with powers determined by the Court of Audit Act (Official Gazette of the Republic of Slovenia, nos. 11/01 and 109/12). The Court of Audit is also competent for performing audits of correctness and diligence of operation of companies in which the SSH has a prevailing share of voting rights directly or indirectly. The provisions of the act regulating the Court of Audit shall apply with regard to procedural questions on auditing and the obligations of the auditee.

(2) In accordance with this Article, the Court of Audit is competent to perform audits of correctness and diligence of operation also for a period of 10 years before the entry into force of this Act.

Article 72

(obligation to public procurement)

The SSH shall be considered a contracting authority as per the act regulating public procurement when ordering goods, services or construction works with a value for which, in accordance with the act regulating public procurement, an award according to an open procedure, a call for the prequalification of bidders, competitive dialogue or procedure through negotiations following prior publication, or with no prior publication, is required.

Article 73

(obligation to observe anti-corruption clause)

(1) An agreement or an individual provision of the agreement related to the acquisition of assets or disposal of assets in which a person on behalf of, or for the account of, one contractual party promises, offers or gives any unlawful benefit to a representative or an agent of another party for the purposes of:

- winning a contract or

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- concluding a contract under more favourable terms or
- omitting due supervision of the implementation of contractual obligations or
- other act or failure to act which causes damage to the other contractual party or enables the representative, the agent or the intermediary of the other contractual party to make unauthorised gains, shall be void, while accessory deals related to such an agreement shall be contestable.

(2) The SSH is obliged to include the content of the preceding paragraph in all agreements related to the acquisition of assets or disposal of assets concluded with other contractual parties as an obligatory element, while taking into consideration the specific case; it may also include additional provisions for the prevention of corruption and conflict of interest or other conduct in violation of ethics and public order. This provision also applies to the conclusion of contracts with contractual parties outside the territory of the Republic of Slovenia.

(3) On the basis of its findings on the alleged existence of the situation referred to in the first paragraph of this Article or notification from other bodies regarding its alleged occurrence, the SSH shall begin to establish the conditions for the nullity or contestability of the agreement referred to in the preceding paragraph, or introduce other measures in compliance with regulations of the Republic of Slovenia.

(4) If the SSH assesses that, due to the opposition of the other contractual party with headquarters outside the Republic of Slovenia, it is not possible to include an anti-corruption clause in the agreement, the management board of the SSH may request with a reasoned proposal that the supervisory board of the SSH approve an exemption for an individual agreement from the obligation as stipulated by the second paragraph of this Article. When deciding, the supervisory board of the SSH shall particularly consider the public interest to conclude the agreement, any objective circumstances which do not enable the conclusion of an agreement with an anti-corruption clause and the level of general risk of corruption in similar business deals. The permission of the supervisory board of the SSH to conclude the agreement without the anti-corruption clause shall be published on the SSH's website immediately or at the latest when the conclusion of the agreement can no longer be influenced. The supervisory board may determine other measures in its permission in order to achieve the purpose of the anti-corruption clause.

(5) The anti-corruption clause defined in this Article shall apply to agreements related to the acquisition of assets or in relation to the disposal of assets of the SSH. The anti-corruption clause determined in the act regulating the integrity and prevention of corruption shall apply in other cases if the conditions defined in the aforementioned act are met.

Section 6

Offence provisions and competent minor offence authorities

Article 74

(minor offences of individuals)

- (1) A fine between 400 to 1,200 euros shall be imposed on an individual who:
- in good faith believes that unlawful or unethical conduct is required of them in relation to their work or position, or believes that they are subject to non-public influence, pressures, physiological or physical violence or inappropriate offers from

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third parties for the same purpose, and fails to report such conduct to the compliance officer as per the first paragraph of Article 57 of this Act;

- receives a gift contrary to Article 61 of this Act, while the handing or acceptance of the gift has no implications of a criminal act;
- fails to inform the compliance officer on the acceptance of a gift in accordance with the third paragraph of Article 61 of this Act.

(2) A fine between 400 to 4,000 euros shall be imposed on an individual who:

- fails to inform the compliance officer of a non-public contact in accordance with the third paragraph of Article 57 of this Act;
- fails to disclose circumstances which could cause a conflict of interest in accordance with the third paragraph of Article 59 of this Act to a body or individual determined in the fifth paragraph of Article 59 of this Act;
- fails to remove themselves from further work, influence or decision-making regarding a matter in accordance with the fourth paragraph of Article 59 of this Act, or fails to request that the body or individual referred to in the fifth paragraph of Article 59 of this Act decides on their removal or other necessary measures;
- fails to submit data on their financial situation or changes to their financial situation to the Commission for the Prevention of Corruption in accordance with the provision of Article 62 of this Act and by the deadlines prescribed by the act regulating the integrity and prevention of corruption.

(3) A fine of between 400 to 4,000 euros shall be imposed on a compliance officer who, contrary to the provision of the third paragraph of Article 55 of this Act, fails to report his or her activities to the supervisory board of the SSH.

(4) A fine of between 400 to 4,000 euros shall be imposed on a compliance officer who, contrary to the provision of the first paragraph of Article 57 of this Act, fails to respond promptly to a report in compliance with the integrity plan and other acts of the SSH, or fails to evaluate the actual situation and take measures in accordance with the first paragraph of Article 57 of this Act.

(5) A fine of between 400 to 4,000 euros shall be imposed on a responsible person of the SSH who, contrary to the provision of the fourth paragraph of Article 59 of this Act, fails to decide on the circumstances of a conflict of interest.

(6) A fine of between 400 to 4,000 euros shall be imposed on a responsible person of the SSH who, contrary to the provision of the first or second paragraph of Article 60 of this Act, conducts business with a company, sole proprietor or other business entity in the public or private sector which does not involve transactions for which the supervisory board of the SSH has issued its permission.

(7) A fine of between 400 to 4,000 euros shall be imposed on a responsible person of the SSH who, contrary to the provision of the fifth paragraph of Article 60 of this Act, conducts business with a company, sole proprietor or other business entity in the public or private sector in which the SSH has an asset.

(8) A fine of between 400 to 4,000 euros shall be imposed on a responsible person of a company or other business entity in the public or private sector which, contrary to the provision of the first or second paragraph of Article 60 of this Act, conducts business with the SSH.

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(9) A fine of between 400 to 4,000 euros shall be imposed on a compliance officer who, contrary to the provision of the sixth paragraph of Article 61 of this Act, fails to keep a register of gifts.

(10) A fine of between 400 to 4,000 euros shall be imposed on a responsible person of the SSH if the SSH violates the obligations of public notification contrary to Article 64 of this Act.

(11) A fine of between 400 to 4,000 euros shall be imposed on a responsible person of the SSH who, contrary to the provision of the second paragraph of Article 73 of this Act, fails to include the content of the first paragraph of Article 73 of this Act in an agreement related to the acquisition of assets or disposal of asset, or fails to initiate the procedure to establish the nullity of the agreement or an individual contractual provision or fails to take other measures in compliance with the regulations of the Republic of Slovenia following notification from other bodies of an alleged existence of the situation referred to in the first paragraph of Article 73 of this Act in violation of the third paragraph of Article 73 of this Act.

Article 75 (minor offences of legal entities)

(1) A fine between 400 to 100,000 euros shall be imposed on the SSH for an offence referred to in the sixth, seventh, ninth, tenth and eleventh paragraphs of Article 74 of this Act.

(2) A fine of between 400 to 100,000 euros shall be imposed on a company or another business entity in the public or private sector for an offence referred to the eighth paragraph of Article 74 of this Act.

Article 76 (competent minor offence authority)

(1) The competent minor offence authority which has jurisdiction for offences under Articles 74 and 75 of this Act shall be the Commission for the Prevention of Corruption.

(2) A fine in an amount which is higher than the lowest prescribed amount specified with this Act may be imposed in a fast-track procedure for offences referred to in this Act.

Chapter 7 TRANSITIONAL AND FINAL PROVISIONS

Article 77 (restructuring of SOD into the SSH)

(1) The SSH is created with the takeover of the powers and obligations of the SSH by SOD on the day this Act enters into force. The takeover of the powers and obligations in accordance with this Act means that SOD obtains the powers, obligations and tasks that are in accordance with this Act. The takeover of the obligations does not

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mean the dissolution of SOD, because as of the day of the entry into force of this Act, it shall continue to operate without interruption. SOD as the SSH, in addition to all tasks in accordance with this Act, shall implement all authorisations, competences, rights and obligations of SOD as prior to the restructuring.

(2) The bodies of SOD shall be obliged to prepare within one month following the entry into force of this Act changes to the statute and the company name required for harmonisation with this Act and the undisturbed fulfilment of obligations in accordance with this Act. Until the name and statute of the company are changed, the SSH shall perform all tasks determined by this Act under the name SOD, while any possible provisions of the statute which are not in accordance with this Act shall not apply.

Article 78 (recapitalisation of the SSH)

(1) The Republic of Slovenia may carry out a recapitalisation of the SSH based on a Government decision. Shares and stakes in companies owned by the Republic of Slovenia and managed by the SSH on the basis of this Act may be used for recapitalisation with in-kind contributions.

(2) If a recapitalisation of the SSH is carried out in accordance with the preceding paragraph with assets classified as important assets or strategic assets, this shall not constitute the disposal of these assets in accordance with this Act and shall not entail the acquisition of new stakes under the act regulating company takeovers.

(3) The Republic of Slovenia shall carry out a recapitalisation of the SSH on the basis of the preceding paragraph with a relevant decision of the National Assembly if the total book value of the asset with which the SSH is recapitalised exceeds 20 million euros or if the share of the asset of the Republic of Slovenia with which the SSH is recapitalised amounts to 25 per cent of the total capital of the company.

Article 79 (restructuring of KAD into a demographic reserve fund)

(1) KAD shall be restructured into an independent and autonomous demographic reserve fund as defined by the act regulating pension and disability insurance, at the latest on 31 December 2015.

(2) The operation of the demographic reserve fund and additional permanent sources of financing of the demographic reserve fund shall be defined by a special act.

(3) In accordance with item 1 of the second paragraph of Article 74 of the Public Finance Act (Official Gazette of the Republic of Slovenia, nos. 11/11 – official consolidated text, 14/13 – corrigendum and 101/13), 10% of the funds from the sale of financial assets of the Republic of Slovenia shall be transferred to a special account at the Ministry of Finance. The funds may be used only to finance the demographic reserve fund.

Article 80 (Modra zavarovalnica insurance company)

Unofficial translation

(1) The Insurance company Modra zavarovalnica, d.d. (hereinafter referred to as: Modra zavarovalnica) is considered a strategic asset until it manages the Closed Mutual Pension Fund for Civil Servants (ZVPSJU).

(2) Notwithstanding the provisions of the Companies Act (Official Gazette of the Republic of Slovenia, nos. 65/09 – official consolidated text, 33/11, 91/11, 32/12, 44/13 – Constitutional Court Decision and 82/13) and the Insurance Act (Official Gazette of the Republic of Slovenia, nos. 99/10 – official consolidated text, 90/12, 102/12, 56/13 and 63/13 – ZS-K), the statute of Modra zavarovalnica must stipulate that half of the members of the supervisory board of Modra zavarovalnice who are appointed by the general assembly are appointed on the proposal of persons insured by Modra zavarovalnica.

(3) The manner of the appointment of members of the supervisory board referred to in the preceding paragraph shall be specified in the statute of Modra zavarovalnica. The provisions of the act regulating worker participation in management regarding the participation of workers in companies' bodies shall not apply to Modra zavarovalnica.

(4) The sale of the financial asset in Modra zavarovalnica shall be accompanied by the drafting of a programme of disposal, which must be based on a public call for bids. The pre-emptive right to acquire shares in the public call for bids must be held by insurance holders in the funds managed by Modra zavarovalnica, and by trade unions representing the insurance holders, in accordance with the act regulating the collective supplementary pension insurance of public servants, and employers who finance collective supplementary pension insurance plans.

(5) The provisions of Article 277 of the Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, nos. 96/12, 39/13, 99/13 – ZSVarPre-C and 101/13 – ZIPRS1415; hereinafter referred to as: ZPIZ-2) shall not apply to the sale of the financial asset in Modra zavarovalnica. If the minority shareholders referred to in the sixth paragraph of Article 273 of the ZPIZ-2 exist, the statute of Modra zavarovalnica shall regulate the manner in which their management rights are to be implemented.

Article 81 (DSU)

(1) Until the transfer of shares and stakes in companies in accordance with the second paragraph of this Article, the SSH shall be responsible for managing all assets of DSU on behalf of, and for the account of, DSU at its own discretion and in accordance with this Act. As per this Article, management encompasses all forms of governance and disposal determined by this Act.

(2) Within six months following the entry into force of this Act, the SSH must ensure that all shares and stakes owned by DSU in companies are transferred to the SSH. The SSH must pay fair compensation to DSU for the transfer, determined on the basis of the value of the asset on the day of transfer on the basis of an evaluation by an authorised appraiser who shall be appointed and paid by the SSH.

Article 82

Unofficial translation

(merger with PDP)

(1) Within six months following the transfer of the assets of DSU in accordance with the preceding Article, the SSH must ensure the payable transfer of the stake of KAD in PDP, Posebna družba za podjetniško svetovanje, d. d. (hereinafter referred to as: PDP) to the SSH and implementation of all procedures enabling the merger of the SSH with PDP.

(2) The merger shall be implemented according to the procedures and methods stipulated by the act regulating companies. On the date of the merger, the SSH as the universal legal successor of PDP enters all legal relationships and takes over all rights and obligations to third parties, and enters all civil and other court proceedings in which PDP is a party.

(3) Unless otherwise determined by this Act, after the merger, all powers, rights and obligations of PDP determined by the relevant acts and regulations issued on their bases, as well as assets connected with them, shall be transferred to the SSH.

Article 83

(takeovers and concentration)

(1) Transfers of assets, transfers of management and mergers of companies in accordance with this Act do not represent the acquisition of a new stake in accordance with the act regulating takeovers.

(2) Notwithstanding the act regulating the prevention of restriction of competition, the mergers, the transfer of the management of assets of the Republic of Slovenia and the transfer of the management of the asset of ZPIZ in the insurance company Zavarovalnica Triglav to the SSH does not constitute concentration as defined in the act regulating the prevention of restriction of competition.

Article 84

(governance acts)

(1) The strategy is proposed by the Government to the National Assembly on the basis of Articles 28 and 29 of this Act within three months following the entry into force of this Act.

(2) Until the strategy enters into force, the management of the SSH or SOD shall require the consent of the National Assembly based on a Government proposal for the disposal of financial assets of the state, financial assets of KAD and the asset of ZPIZ in the insurance company Zavarovalnica Triglav, d. d., if:

- the total book value of the asset which is being disposed of exceeds 20 million euros, or
- the share of assets managed by the SSH on the basis of this Act amounts to at least 25 per cent of the company's entire capital, or if the SSH manages rights that afford a 25 per cent share of all voting rights.

(3) The preceding paragraph shall not apply to the disposal of assets whose disposal was approved by the National Assembly prior to the passage of this Act.

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Article 85

(management of ZPIZ assets in the insurance company Zavarovalnica Triglav d. d.)

(1) The management of the asset of ZPIZ in the insurance company Zavarovalnica Triglav, d. d. shall be transferred to the SSH on the day of entry into force of this Act. In relation to the transfer, the provisions of the act regulating insurance in the part which relates to the permit for the acquisition of a qualifying holding shall not apply.

(2) Upon the creation of the demographic reserve fund in accordance with Article 79 of this Act, the assets related to the asset referred to in the preceding paragraph shall be used to finance the demographic fund.

Article 86

(publication of list of entities acting in concert)

Within two months following the entry into force of this Act, the SSH shall publish the list of entities referred to in Article 25 of this Act.

Article 87

(proposed candidates for the supervisory board of the SSH and terms of the first supervisory board members)

(1) The Government shall propose candidates for new members of the supervisory board of the SSH to the National Assembly within three months following the entry into force of this Act.

(2) The terms of members of the supervisory board of the SSH who were appointed as the supervisory board members of SOD shall terminate upon the appointment of new supervisory board members of the SSH in accordance with this Article, notwithstanding the provisions of this Act on the termination of the terms of members of the supervisory board of the SSH and the duration of their terms.

Article 88

(list of assets of the Republic of Slovenia)

The ministry responsible for finance must present to the SSH a list of all assets the management of which has been transferred to the SSH in accordance with this Act within one month following the entry into force of this Act.

Article 89

(first management contract)

The first contract in accordance with the second paragraph of Article 27 of this Act must be signed within one month following the entry into force of this Act.

Article 90

(non-application of the ZPPOGD)

Unofficial translation

The provisions of the Act Governing Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities (Official Gazette of the Republic of Slovenia, nos. 21/10 and 8/11 – ORZPPOGD4; hereinafter referred to as: ZPPOGD) shall be applied in companies in which the SSH has a majority share or prevailing influence also after the adoption of this Act. The policy of remuneration of management bodies adopted in accordance with Article 23 of this Act may also define the remuneration of management bodies differently than determined by the ZPPOGD.

Article 91

(adoption of criteria for evaluating the performance of assets)

The SSH must draft the criteria for evaluating the performance of companies with a financial asset of the state, in accordance with Article 17 of this Act, within one month, while the Government must confirm them within two months following the adoption of the strategy in accordance with Article 84 of this Act.

Article 92

(appointment of the compliance officer)

In accordance with Article 54 of this Act, the compliance officer must be appointed within three months following the appointment of the supervisory board of the SSH in accordance with Article 87 of this Act.

Article 93

(drafting and adoption of the first integrity plan and beginning of supervision of assets)

(1) The compliance officer must draft the first integrity plan within five months following his or her appointment. The management board of the SSH and the supervisory board of the SSH must confirm the integrity plan within a month from when it is drafted.

(2) The deadlines related to the supervision of assets under the act regulating the integrity and prevention of corruption shall enter into force within three months following the entry into force of this Act with relation to the obligations of individuals who are subject to supervision in accordance with Article 62 of this Act.

Article 94

(repeal of acts)

On the day of the entry into force of this Act, the following shall cease to have effect:

- the Slovenian Sovereign Holding Act (Official Gazette of the Republic of Slovenia, nos. 105/12 and 39/13);
- the second and third sentence of the first paragraph of Article 12 of the Governing the Conditions of the Concession for the Exploitation of Energy Potential of the Lower Sava River Act (Official Gazette of the Republic of Slovenia, no. 87/11),

Unofficial translation

- Article 64 of the Implementation of the Republic of Slovenia Budget for 2014 and 2015 Act (Official Gazette of the Republic of Slovenia, nos. 101/13 and 9/14 – ZRTVS-1A),
- the sixth paragraph of Article 3 of the Slovenian Railway Company Act (Official Gazette of the Republic of Slovenia, nos. 106/10, 43/11 and 40/12 – ZUJF).

Article 95
(entry into force)

This Act shall enter into force on the fifteenth day following its publication in the Official Gazette of the Republic of Slovenia.