

At its session of 5 June 2014 (fifth of June two thousand and fourteen), the General Meeting of KAPITALSKA DRUŽBA POKOJNINSKEGA IN INVALIDSKEGA ZAVAROVANJA, d. d. adopted the Company's amended Articles of Association. The consolidated text of the Articles of Association now reads as follows:

**ARTICLES OF ASSOCIATION OF**  
**KAPITALSKA DRUŽBA**  
**POKOJNINSKEGA IN INVALIDSKEGA ZAVAROVANJA, d. d.**

**I. INTRODUCTORY FINDINGS**

Article 1 (one)

Pursuant to the first paragraph of Article 246 of the Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, Nos. 12/92, 56/92 – Constitutional Court ruling, 13/93, 43/93 – Constitutional Court ruling, 67/93 – Constitutional Court ruling, 5/94, 67/94 – Constitutional Court ruling, 7/96, 29/97 – Constitutional Court ruling, 7/98 – Constitutional Court ruling, 54/98, 106/99ZPIZ1 and 65/02 – Constitutional Court ruling; hereinafter: the ZPIZ-1), Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d. is a legal entity founded on 18 December 1996 (eighteenth of December nineteen ninety-six; entry in the Companies Register) for the purpose of generating additional funds for pension and disability insurance.

Kapitalski sklad pokojninskega in invalidskega zavarovanja, which was established in accordance with the Act Amending the Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, Nos. 12/92, 56/92 – Court ruling, 43/93 – Constitutional Court ruling, 67/93 – Constitutional Court ruling, 5/94, 67/94 – Constitutional Court ruling, 7/96, 29/97 – Constitutional Court ruling, 7/98 – Constitutional ruling and 54/98; hereinafter: the ZPIZ) as an internal organisational unit of the Pension and Disability Insurance Institute of the Republic of Slovenia (hereinafter: Institute), has, in accordance with the Act Amending the Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, No. 7/96), continued its work as Kapitalski sklad pokojninskega in invalidskega zavarovanja, d. d.

Pursuant to the first indent of the third paragraph of Article 60 of the Public Funds Act (Official Gazette of the Republic of Slovenia, No. 22/00 – hereinafter: the ZJS), Kapitalski sklad pokojninskega in invalidskega zavarovanja, d. d. was renamed KAPITALSKA DRUŽBA POKOJNINSKEGA IN INVALIDSKEGA ZAVAROVANJA, d. d. on the day the ZJS entered into force.

Article 2 (two)

Pursuant to the provisions of the ZPIZ-1 (one), KAPITALSKA DRUŽBA, d. d. shall, in its own name and on behalf of policyholders, manage the Compulsory Supplementary Pension Insurance Fund of the Republic of Slovenia.

KAPITALSKA DRUŽBA, d. d. shall operate as a public limited company with the rights, obligations and responsibilities as laid down in the following acts: the ZPIZ-1 and the Companies Act (Official Gazette of the Republic of Slovenia, No. 42/06 (forty-two slash two thousand and six, with amendments)). The functioning and tasks of KAPITALSKA DRUŽBA, d. d. shall also be governed by the Slovenian Sovereign Holding Company Act (hereinafter: the ZSDH-1) and the ZPIZ-2.

**II. GENERAL PROVISIONS**

Article 3 (three)

KAPITALSKA DRUŽBA, d. d. has been established as a going concern.

Article 4 (four)

The founder and sole shareholder of KAPITALSKA DRUŽBA, d. d. is the Republic of Slovenia. KAPITALSKA DRUŽBA, d. d. is an independent legal entity.

#### Article 5 (five)

These Articles of Association shall govern:

- the company name and registered office of KAPITALSKA DRUŽBA, d. d.
- its share capital,
- its activities,
- the liability of KAPITALSKA DRUŽBA, d. d. in legal transactions,
- the governance of KAPITALSKA DRUŽBA, d. d.,
- the adoption of the annual report, and the determination and distribution of profit, planning and assets,
- the method of defining the investment policy,
- internal organisation and management employees,
- business secrecy and the prohibition of competition,
- notification of the shareholder,
- general bylaws, and
- transitional and final provisions.

### III. COMPANY NAME AND REGISTERED OFFICE OF KAPITALSKA DRUŽBA, D. D.

#### Article 6 (six)

Kapitalska družba, d. d. shall operate under the name: **KAPITALSKA DRUŽBA POKOJNINSKEGA IN INVALIDSKEGA ZAVAROVANJA, d. d.**

Kapitalska družba, d. d. shall operate under the abbreviated name: **KAPITALSKA DRUŽBA, d. d.**

In the English language, the company name shall be: **Pension Fund Management.**

The registered office of KAPITALSKA DRUŽBA, d. d. shall be in Ljubljana.

KAPITALSKA DRUŽBA, d. d. shall have its own trademark and stamp containing the name and registered office. The form and use of the trademark and stamp shall be determined by the Management Board of KAPITALSKA DRUŽBA, d. d.

### IV. SHARE CAPITAL

#### 1. Share capital Article 7 (seven)

The share capital of KAPITALSKA DRUŽBA, d. d. shall comprise: shares, participating interests and consideration from the sale of companies pursuant to regulations governing the ownership transformation of companies, and assets returned under Articles 247 and 248 of the ZPIZ.

All payments made by the shareholder following the founding of the Company (subsequent payments) shall be used for the capital surplus of the Company.

#### Article 8 (eight)

The share capital of KAPITALSKA DRUŽBA, d. d. amounts to EUR 364,809,523.15 (three hundred and sixty-four million, eight hundred and nine thousand, five hundred and twenty-three and 15/100 euros).

The share capital is divided into 874,235 (eight hundred and seventy-four thousand, two hundred and thirty-five) ordinary registered no-par-value shares. Each no-par-value share represents the same stake and corresponding amount in the share capital.

The shares are issued in dematerialised form.

As the sole founder of KAPITALSKA DRUŽBA, d. d., the Republic of Slovenia shall assume control of all shares.

Article 9 (nine)

The share capital referred to in the preceding article has been paid up in full.

**V. ACTIVITIES OF KAPITALSKA DRUŽBA, D. D.**

Article 10 (ten)

In line with its purpose, KAPITALSKA DRUŽBA, d. d. shall pursue the following business activities under the standard classification:

- 58.110 Book publishing
- 58.120 Publishing of directories and mailing lists
- 58.130 Publishing of newspapers
- 58.140 Publication of magazines and other periodicals
- 58.190 Other publishing activities
- 58.290 Other software publishing
- 59.200 Sound recording and music publishing activities
- 62.010 Computer programming activities
- 62.020 Computer consultancy activities
- 62.030 Computer facilities management activities
- 62.090 Other information technology and computer service activities
- 63.110 Data processing, hosting and related activities
- 63.120 Web portals
- 64.200 Activities of holding companies
- 64.300 Trusts, funds and similar financial entities
- 64.990 Other financial service activities, except insurance and pension funding activities n.e.c.
- 65.300 Pension fund activities
- 66.210 Risk and claims assessment
- 66.290 Other auxiliary activities for insurance and pension funding
- 68.100 Buying and selling of own real estate
- 68.200 Renting and operating of own or leased real estate
- 69.200 Accounting, bookkeeping and auditing activities; tax consultancy (except auditing activities)
- 70.100 Activities of head offices
- 70.220 Business and other management consultancy activities
- 73.200 Market research and public opinion polling
- 85.590 Other education n.e.c.
- 85.600 Auxiliary education activities

The Company may, without being entered in the companies register, execute all other transactions that are necessary for its existence and for pursuing the activities stated in these Articles of Association but which do not constitute the direct pursuit of an activity, with the exception of those transactions for the execution of which the law defines special conditions or requires the prior consent of a competent authority or organisation.

**VI. LIABILITY OF KAPITALSKA DRUŽBA, D. D. IN LEGAL TRANSACTIONS**

Article 11 (eleven)

In legal transactions, KAPITALSKA DRUŽBA, d. d. shall have all authorisations in transactions with third parties, and be fully liable in this respect and guarantee its liabilities with all of its assets.

**VII. GOVERNANCE OF KAPITALSKA DRUŽBA, d. d.**

Article 12 (twelve)

KAPITALSKA DRUŽBA, d. d. shall have a General Meeting, Supervisory Board and Management Board.

## **I. General Meeting**

### Article 13 (thirteen)

Pursuant to the Slovenian Sovereign Holding Act, the tasks of KAPITALSKA DRUŽBA, d. d.'s General Meeting shall be performed by the General Meeting of Slovenski državni holding (hereinafter: SDH).

### Article 14 (fourteen)

The General Meeting shall pass resolutions on basic matters relating to KAPITALSKA DRUŽBA, d. d. In particular, it shall:

1. adopt the Articles of Association of KAPITALSKA DRUŽBA, d. d. and amendments thereto;
2. adopt the annual report, if the Supervisory Board does not approve the annual report or if the Management Board and the Supervisory Board cede the decision to adopt the annual report to the General Meeting;
3. decide on use of distributable profit at the proposal of the Management Board and Supervisory Board;
4. decide on the granting of discharge to members of the Management Board and Supervisory Board;
5. appoint and recall members of the Supervisory Board of KAPITALSKA DRUŽBA, d. d.;
6. appoint the auditor for KAPITALSKA DRUŽBA, d. d.;
7. decide on measures to increase or decrease share capital, unless these Articles of Association or the law determine otherwise;
8. decide on the winding-up of KAPITALSKA DRUŽBA, d. d. and status changes thereto; and
9. decide on other matters in accordance with the law and these Articles of Association.

### Article 15 (fifteen)

The shareholder shall exercise its rights in matters concerning the Company at the General Meeting.

The Company's Management Board shall convene the General Meeting, which shall make decisions with a simple majority of votes.

The Company's Supervisory Board may also convene the General Meeting.

The General Meeting shall also be convened if the shareholder requests that the Management Board convene the General Meeting. The shareholder's written request to convene the General Meeting shall include an agenda, a proposed resolution for each proposed item of the agenda to be decided upon by the General Meeting, or an explanation of the agenda item if the General Meeting will not decide on the item in question.

The convening of the General Meeting shall be published at least 30 (thirty) days prior to the meeting. The convening of the General Meeting shall be published on the websites of the AJPES and KAPITALSKA DRUŽBA, d. d. The publication of the convening of the General Meeting shall also include proposed resolutions and details of the place where all materials submitted for decision-making at the General Meeting may be accessed.

A shareholder who is registered as such in the central register of dematerialised securities at the end of the fourth day prior to the General Meeting shall be entitled to participate and exercise their voting rights at the General Meeting.

### Article 16 (sixteen)

As a rule, the General Meeting shall be held in Ljubljana.

### Article 17 (seventeen)

The General Meeting shall be chaired by a chairman elected by the shareholder for each meeting separately.

#### Article 18 (eighteen)

The General Meeting shall adopt decisions via resolution. Each share shall give its holder one vote.

## II. Supervisory Board

#### Article 19 (nineteen)

The Supervisory Board of KAPITALSKA DRUŽBA, d. d. shall have six members appointed by the Company's General Meeting. Three members shall be appointed on the basis of a proposal by SDH, while two members shall be appointed on the basis of a proposal by a national-level federation or organisation of pensioners. One member shall be appointed on the basis of a proposal by a national-level trade union federation or confederation.

If an individual interest group referred to in the first paragraph of this article does not formulate a proposal for the appointment of members of the Supervisory Board in the manner defined in the next three paragraphs, the General Meeting of the Company shall appoint missing members at its own discretion.

The proposal for candidates to represent SDH shall be formulated by SDH's Management Board, which shall inform the Supervisory Board of its choice.

The proposal for candidates to represent pensioners shall be formulated by national-level federations/organisations of pensioners, which shall inform the Supervisory Board of their choice.

The proposal for a candidate to represent trade unions shall be voted upon by representatives (electors) of national-level representative federations/confederations, which shall inform the Supervisory Board of their choice. Each representative federation/confederation shall have as many representatives as the number of representative trade unions amalgamated within them. In addition to the representatives referred to in the preceding sentence, a federation/confederation shall each have one representative for every ten thousand members. The Company shall provide technical support during the procedure of formulating a proposal for a candidate to represent trade unions voted upon by electors. This shall include, *inter alia*, the provision of information to representative trade unions regarding the announcement of the procedure, the determination of results and other required tasks.

Members of the Supervisory Board shall serve a four-year term of office and may be reappointed.

#### Article 20 (twenty)

A member of the Supervisory Board shall not:

- be a member of the management or management board of a subsidiary of the Company;
- be a member of the management board of another capital company if they are already a member of the supervisory board of that other capital company;
- be a member of the supervisory or management board of three companies;
- be a procurator or authorised representative of KAPITALSKA DRUŽBA, d. d.; or
- be a person working for or serving as a member of the management bodies of a competing company.

#### Article 21 (twenty-one)

The Supervisory Board shall oversee the legality of work and the financial operations of KAPITALSKA DRUŽBA, d. d., where it shall perform the following tasks in particular:

1. supervise the management of the transactions of KAPITALSKA DRUŽBA, d. d.;
2. review the annual report and the proposal for use of distributable profit, and take a position on the audit report, on which it shall draw up a written report for the General Meeting;
3. approve the annual report;
4. issue an opinion regarding increases or decreases in share capital;

5. appoint the President and members of the Management Board, and decide on the recall of the Management Board of KAPITALSKA DRUŽBA, d. d.;
6. conclude employment contracts with the President and members of KAPITALSKA DRUŽBA, d. d.'s Management Board;
7. grant power of attorney; and
8. have other competences in accordance with the law and these Articles of Association.

Every member of the Supervisory Board may request from the Management Board any information necessary for the performance of supervision, which shall then be forwarded to the Supervisory Board as a body of KAPITALSKA DRUŽBA, d. d.

#### Article 22 (twenty-two)

The Management Board shall obtain the prior consent of the Supervisory Board for:

1. the acquisition, disposal or encumbrance of real estate, if the value of an individual transaction exceeds the percentage of KAPITALSKA DRUŽBA, d. d.'s share capital determined by the Supervisory Board;
2. the purchase, sale or pledging of securities of all types and of participating interests in public limited companies, if the value of an individual transaction exceeds the percentage of KAPITALSKA DRUŽBA, d. d.'s share capital determined by the Supervisory Board;
3. the issuing of a surety, guarantee or similar security, if the value of an individual transaction exceeds the percentage of KAPITALSKA DRUŽBA, d. d.'s share capital determined by the Supervisory Board;
4. the granting of loans and the raising of long-term loans, if the value of an individual transaction exceeds the percentage of KAPITALSKA DRUŽBA, d. d.'s share capital determined by the Supervisory Board;
5. the raising of short-term loans, if the value of an individual transaction exceeds the percentage of KAPITALSKA DRUŽBA, d. d.'s share capital determined by the Supervisory Board;
6. the adoption of the annual business and financial plan;
7. the exercise of call or put options from (option) contracts, if the value of an individual transaction exceeds the percentage of KAPITALSKA DRUŽBA, d. d.'s share capital determined by the Supervisory Board;
8. the adoption of the Company's strategy;
9. the adoption of the Company's investment policy; and

10. the adoption of rules that govern the internal organisation of KAPITALSKA DRUŽBA, d. d. and define in greater detail the functional allocation of areas of work between members of the Management Board and the method of representation when the Management Board has several members. In addition to the cases referred to in the preceding paragraph, the Supervisory Board may, by means of a specific resolution, determine that certain types of transactions may only be carried out with its consent.

The Management Board shall be obliged to obtain the prior consent of the Supervisory Board for each conclusion of a transaction involving the acquisition, disposal or encumbrance of a capital investment of KAPITALSKA DRUŽBA, d. d. into shares or participating interests in companies established in the Republic of Slovenia, regardless of the value of the transaction if the value of KAPITALSKA DRUŽBA, d. d.'s capital investment exceeds or exceeds as a result of the transaction EUR 5 (five) million.

For the requirements of this Article, the term 'value' shall mean the higher of the following values: the book value from the last published audited annual report of the issuer, the market value or the appraised value, provided that the appraised value by an authorised business appraiser is not more than six months old.

#### Article 23 (twenty-three)

The Supervisory Board shall be quorate if more than half its members are present.

A decision of the Supervisory Board shall be binding if it receives a majority of the votes cast. In the event of an equal number of votes, the Chairman of the Supervisory Board shall cast the deciding vote.

The Supervisory Board shall be convened at least once per quarter.

#### Article 24 (twenty-four)

The Supervisory Board shall have a Chairman and Deputy Chairman elected from among and by the members of the Supervisory Board. The Chairman of the Supervisory Board shall always be a member of the Supervisory Board appointed on the basis of a proposal of SDH, while the Deputy Chairman of the Supervisory Board shall be a member appointed on the basis of a proposal of a national-level federation or organisation of pensioners.

The Deputy Chairman of the Supervisory Board shall assume the powers of the Chairman if the latter is indisposed.

The Chairman of the Supervisory Board shall lead the work of the Supervisory Board, convene and chair sessions, and sign resolutions and other bylaws adopted by the Supervisory Board in the scope of its competences. The Chairman of the Supervisory Board shall represent KAPITALSKA DRUŽBA, d. d. in its dealings with the Management Board and shall, to this end, conclude contracts between KAPITALSKA DRUŽBA, d. d. and members of the Management Board.

The Supervisory Board shall regulate in detail the method of and conditions applying to its work and the work of its committees by means of rules of procedure.

#### Article 25 (twenty-five)

Members of the Supervisory Board shall be entitled to remuneration for performing their function, to session fees, and to the reimbursement of material and other expenses relating to their work on the Supervisory Board.

The General Meeting shall set the gross amount of remuneration for performing a function, session fees and the level of reimbursement of material and other costs for the Chairman, Deputy Chairman and members of the Supervisory Board.

If the Supervisory Board appoints a committee, the members of such a committee shall be entitled to a supplement in addition to remuneration for performing their function, session fees and the reimbursement of material and other expenses, up to an amount determined by the General Meeting.

### **III. MANAGEMENT BOARD**

#### Article 26 (twenty-six)

The management body of KAPITALSKA DRUŽBA, d. d. shall be the Management Board, which shall have a minimum of two and maximum of three members. Members of the Management Board shall be appointed by the Supervisory Board on the basis of a public tender. One of the members of the Management Board shall be appointed President of the Management Board.

Members of the Management Board shall serve a four-year term of office and may be re-appointed. The Management Board or an individual member thereof may be recalled before the end of their term of office only for the reasons referred to in the 2nd (second) paragraph of Article 268 (two hundred and sixty-eight) of the ZGD-1

Violation of the Articles of Association of KAPITALSKA DRUŽBA, d. d. deemed to be a serious violation of obligations may constitute a reason of culpability resulting in recall.

#### Article 27 (twenty-seven)

The Management Board shall organise and manage work and shall be responsible and liable for adopting and implementing all decisions defined by law, as well as those for which the other competent bodies of KAPITALSKA DRUŽBA, d. d. are not responsible under the law or these Articles of Association. The Management Board shall be responsible for the compliance of KAPITALSKA DRUŽBA, d. d.'s operations with the law.

The Management Board of KAPITALSKA DRUŽBA, d. d. shall be answerable to the Supervisory Board and the General Meeting for its work. In managing the Company's transactions, it shall act with the due professional diligence of a good manager, safeguard the business secrets of KAPITALSKA DRUŽBA, d. d. and comply with the prohibition of competition clause.

The members of the Management Board shall make decisions by a majority of votes within the scope of that body's competences. In the event of an equal number of votes, the President of the Management Board shall cast the deciding vote. When the Management Board comprises three members and makes a decision in the absence of the President of the Management Board and the outcome of the vote is indecisive, the member of the Management Board acting as the temporary President as determined by the President shall cast the deciding vote.

#### Article 28 (twenty-eight)

The members of the Management Board represent KAPITALSKA DRUŽBA, d. d. independently and without restrictions.

Without prejudice to the provision of the first paragraph of this Article, each member shall represent KAPITALSKA DRUŽBA, d. d. independently only if the value of an individual transaction does not exceed half of the amount set by the Supervisory Board under Article 22 of these Articles of Association. Otherwise, KAPITALSKA DRUŽBA d. d. shall always be represented by two members of the Management Board.

If the President of the Management Board is indisposed or absent, their replacement shall be the member of the Management Board they so determine, or the other member of the Management Board if the Management Board comprises two members.

If a member of the Management Board is indisposed or absent, their replacement shall be the President or other member of the Management Board or management employee or, when the Management Board comprises two members, the President of the Management Board or a management employee.

More detailed provisions on the work method of the Management Board shall be laid down in the rules of procedure of the Management Board as adopted by that body.

#### Article 29 (twenty-nine)

KAPITALSKA DRUŽBA, d. d. may grant power of attorney and business authorisations in accordance with the law and these Articles of Association.

#### Article 30 (thirty)

The Management Board or an individual member thereof may, within the area for which they are responsible and when exercising their authorisations as defined in the applicable legislation, these Articles of Association and a General Meeting resolution, delegate the performance of specific tasks to specific management employees. In addition, they may, along with authorisations, transfer to these employees the right to represent KAPITALSKA DRUŽBA, d. d. within the area which they manage.

Under the Rules on the Internal Organisation of KAPITALSKA DRUŽBA, d. d., management employees shall be executive directors and heads of staff services. Heads of services within sectors shall only be management employees if the Management Board appoints them as such.

#### Article 31 (thirty-one)



A person who meets the conditions defined in the law governing companies and the ZSDH-1 may be appointed President or a member of the Management Board of KAPITALSKA DRUŽBA, d. d.

The position of members of KAPITALSKA DRUŽBA, d. d.'s Management Board shall be incompatible with membership on supervisory bodies at other companies, with the exception of companies affiliated with KAPITALSKA DRUŽBA, d. d. With the consent of the Supervisory Board, members of KAPITALSKA DRUŽBA, d. d.'s Management Board may be members of the supervisory bodies of other companies in which KAPITALSKA DRUŽBA, d. d. holds a capital investment.

#### Article 32 (thirty-two)

A public call for applications for a new member of KAPITALSKA DRUŽBA, d. d.'s Management Board shall be published at least three months prior to the expiry of the term of office of the outgoing member.

The deadline for the submission of applications by candidates shall not be shorter than 15 (fifteen) days. The deadline by which candidates are to be informed of selection shall not be more than 60 (sixty) days after the deadline for application.

#### Article 33 (thirty-three)

If the function of a member of KAPITALSKA DRUŽBA, d. d.'s Management Board ceases prior to the expiry of their term of office and in other cases where a member of the Management Board ceases their work, and where a member's term of office expires before a new member of the Management Board has been selected or the latter does not take up their function, the Supervisory Board may appoint a temporary member of the Management Board, without a public call for applications, until that procedure is conducted and the new member of the Management Board takes up their function.

A temporary member of the Management Board may be appointed for no more than one year.

#### Article 34 (thirty-four)

The Supervisory Board shall sign an employment contract with a member of the Management Board which, in addition to remuneration, shall define performance-related remuneration and benefits, severance pay in the event of discharge, the prohibition of competition clause, and other rights, obligations and responsibilities under the applicable acts governing this area and the applicable recommendations. The General Meeting shall be apprised of the content of the contract.

#### Article 35 (thirty-five)

The Management Board may conclude special employment contracts with the executive directors of individual sectors that define other payments and bonuses and special authorisations and responsibilities, in addition to remuneration.

#### 4. Transfer of specific tasks of KAPITALSKA DRUŽBA, d. d.

#### Article 36 (thirty-six)

KAPITALSKA DRUŽBA, d. d. may also entrust by contract the performance of specific tasks connected with the pursuit of its business activities to other legal entities, where this is rational and appropriate, on the basis of a resolution of the Supervisory Board.

The transfer of specific tasks relating to the management of KAPITALSKA DRUŽBA, d. d.'s investments shall be governed by the law.

### **VIII. BOOKS OF ACCOUNT AND AUDITING OF FINANCIAL STATEMENTS**

#### Article 37 (thirty-seven)

KAPITALSKA DRUŽBA, d. d. shall maintain books of account in accordance with the applicable legislation and the International Financial Reporting Standards.

Article 38 (thirty-eight)

KAPITALSKA DRUŽBA, d. d. shall ensure that its annual reports and the annual reports of the funds it manages are audited in accordance with the applicable legislation.

**IX. ANNUAL REPORT, THE DETERMINATION AND DISTRIBUTION OF PROFIT, AND THE COVERAGE OF LOSSES**

Article 39 (thirty-nine)

The Company's Management Board shall draw up an annual report by the legally defined deadline and submit it to the Supervisory Board, together with the audit report and the proposal for use of distributable profit, to be submitted to the General Meeting, no later than 8 (eight) days after receipt of the audit report.

Article 40 (forty)

The Supervisory Board shall draw up a written report for the General Meeting on the results of the review of the annual report and the proposal for use of distributable profit. The Supervisory Board shall indicate in the report in what way and to what extent it reviewed the management of the Company during the financial year. The Supervisory Board shall also take a position on the audit report in its report. The Supervisory Board shall state its comments or approve the annual report in its report. If the Supervisory Board approves the annual report, the annual report shall be adopted.

The Supervisory Board shall, within one month of submitting the drafted annual report of the Company, deliver its report to the Management Board; if it fails to do so, the Management Board shall, without delay, set the Supervisory Board another deadline that may not be longer than one month. If the Supervisory Board fails to deliver the report by the extended deadline, it shall be considered not to have approved the annual report.

Article 41 (forty-one)

The Management Board shall decide on use of distributable profit in accordance with the ZGD-1 when compiling the annual report.

Article 42 (forty-two)

KAPITALSKA DRUŽBA, d. d. shall form statutory reserves to such an extent that the total amount of the statutory reserves and capital surplus referred to in points 1 to 3 of the first paragraph of Article 64 (sixty-four) of the ZGD-1 shall be equal to 10% (ten percent) of revalued share capital. The total amount of statutory reserves and the capital surplus may exceed the amount referred to in the preceding sentence. If the aforementioned reserves and surplus are used and their value falls below the amount referred to in the first sentence of this paragraph, they must be reconstituted as a matter of priority.

Pursuant to provision of the second paragraph of Article 52 (fifty-two) of the ZSDH-1, the distributable profit of KAPITALSKA DRUŽBA, d. d. shall not be distributed to shareholders.

Article 43 (forty-three)

The General Meeting shall decide on the granting of discharge to the Management Board and Supervisory Board at the same time as it decides on use of distributable profit. Voting on the granting of discharge to an individual member shall be held separately if the General Meeting so decides. By granting discharge, the General Meeting shall confirm and approve the work of the Management Board and Supervisory Board for the financial year. If the General Meeting does not grant discharge to the Management Board or an individual member thereof, this shall not be deemed a vote of no confidence against them.

The discussion on the granting of discharge to the Management Board and Supervisory Board shall be linked to the discussion on use of distributable profit.

## **X. PLANNING AND ASSETS**

### **1. Planning** Article 44 (forty-four)

KAPITALSKA DRUŽBA, d. d. shall cover operating costs with the revenues generated by its investments and with other revenues.

### Article 45 (forty-five)

KAPITALSKA DRUŽBA, d. d. shall plan its operations by means of the Company's strategy and an annual business and financial plan.

The annual business and financial plan of KAPITALSKA DRUŽBA, d. d. shall define the objectives and activities for the current year, and the associated costs of governance of KAPITALSKA DRUŽBA, d. d., taking into account the results in the preceding period, changes to the scope and type of tasks, and the resolutions passed by the governance bodies of KAPITALSKA DRUŽBA, d. d.

### Article 46 (forty-six)

On the basis of the objectives defined in the Company's strategy, the annual business and financial plan of KAPITALSKA DRUŽBA, d. d. shall define the latter's revenues and expenses.

### Article 47 (forty-seven) **2. Investment policy**

The Management Board shall adopt the investment policy of KAPITALSKA DRUŽBA, d. d. with the consent of the Supervisory Board, and taking into account the Company's strategy and the annual business and financial plan.

## **XI. INTERNAL ORGANISATION AND WORK**

### Article 48 (forty-eight)

Internal organisation shall be regulated by means of special rules adopted by the Management Board based on the prior consent of the Supervisory Board.

In order to ensure the efficient and rational pursuit of the activities of KAPITALSKA DRUŽBA, d. d., the business functions of KAPITALSKA DRUŽBA, d. d. may be sub-divided into smaller internal organisational units.

### Article 49 (forty-nine)

The employment, material position, other mutual relations, rights and obligations of employees of KAPITALSKA DRUŽBA, d. d. shall be regulated by the Employment Act (Official Gazette of the Republic of Slovenia, No. 42/02 (forty-two slash two thousand and two), with amendments), the Workers' Participation in Management Act, the collective agreement binding on the Company, these Articles of Association and other general bylaws.

The rights, obligations and responsibilities referred to in the preceding paragraph shall be exercised by employees through the workers' assembly or in another manner determined by law.

## **XII. BUSINESS SECRECY AND THE PROHIBITION OF COMPETITION**

### **1. Business secret** Article 50 (fifty)

A business secret shall be deemed to be data and information so determined by the Management Board of KAPITALSKA DRUŽBA, d. d. in a special resolution. Employees, members of bodies of KAPITALSKA

DRUŽBA, d. d. and other persons obliged to safeguard business secrecy shall be apprised of this resolution.

Irrespective of whether it is covered by the resolution referred to in the preceding paragraph, any information whose disclosure to an unauthorised person would clearly cause substantial damage as a result of its nature and importance shall also be deemed to be a business secret.

#### Article 51 (fifty-one)

Business secrecy must be maintained by all employees and members of the bodies of KAPITALSKA DRUŽBA, d. d., and by outside persons who are acquainted, in the course of their work, with information that constitutes a business secret.

#### Article 52 (fifty-two)

A violation of business secrecy shall include, in particular, communicating information that constitutes a business secret to an unauthorised person, enabling an unauthorised person to obtain such information, conduct by which someone attempts to obtain information or the negligent handling of information by a person obliged to data protection, etc.

In accordance with the rules of compensation law, the person responsible for the violation shall also be responsible for the damage caused.

#### Article 53 (fifty-three)

Detailed rules determining the content of business secrecy, data protection and measures to protect, store and use the protected data of KAPITALSKA DRUŽBA, d. d. shall be laid down in a special general bylaw adopted by the Management Board.

### 2. Prohibition of competition

#### Article 54 (fifty-four)

The management employees of KAPITALSKA DRUŽBA, d. d. and other employees in possession of special data, information and knowledge that has been acquired in their work at KAPITALSKA DRUŽBA, d. d. and that is important for KAPITALSKA DRUŽBA, d. d. and could constitute a competitive advantage may not, during their employment at KAPITALSKA DRUŽBA, d. d. and for at least six months after the termination of their employment, execute the same transactions relating to the activities of KAPITALSKA DRUŽBA, d. d. in the form of a side profession or work for other companies or organisations, and shall be given suitable compensation for refraining from such work.

The prohibition of competition referred to in the preceding paragraph shall be set out in greater detail in the description of the work and tasks for a specific position and in the relevant employment contract.

### **XIII. NOTIFICATION**

#### Article 55 (fifty-five)

The shareholder of KAPITALSKA DRUŽBA, d. d. (the Republic of Slovenia) shall always be truthfully and fully informed of all matters of importance for the governance and operations of KAPITALSKA DRUŽBA, d. d. The shareholder shall be informed in writing via the Management Board of SDH. The Company's Management Board shall publish information or communications that it believes to be of importance to the shareholder, or that are stipulated by law, on the websites of the AJ PES and the Company. The shareholder shall be informed in writing at the address of the competent ministry, when notification is prescribed by a special law.

Notification of the Supervisory Board shall be carried out in accordance with the relevant rules of procedure.

### **XIV. BYLAWS OF KAPITALSKA DRUŽBA, D. D.**

#### Article 56 (fifty-six)

The Articles of Association and amendments thereto shall be adopted by the General Meeting of KAPITALSKA DRUŽBA, d. d. at the proposal of the Management Board and Supervisory Board.

Unless these Articles of Association determine otherwise, the Management Board shall adopt other bylaws required under legal regulations, the collective agreement and these Articles of Association, and shall inform the Supervisory Board accordingly.

General bylaws shall be published in the manner agreed in the bylaw and shall enter into force on the day determined in the specific general bylaw.

#### Article 57 (forty-seven)

In pursuing its business activity, KAPITALSKA DRUŽBA, d. d. shall, pursuant to the provision of the first paragraph of Article 11 of the ZSDH, adhere to the Corporate Governance Code for Companies with State Capital Investments.

### **XV. TRANSITIONAL AND FINAL PROVISIONS**

#### Article 58 (forty-eight)

Following the expiry of the current term of office of members of KAPITALSKA DRUŽBA, d. d.'s Supervisory Board or if the current members of KAPITALSKA DRUŽBA, d. d.'s Supervisory Board are recalled, the appointment of new members to the aforementioned body shall, pursuant to the provisions of the ZSDH-1, be carried out in such a way that the persons entitled to make such a proposal referred to in the sixth paragraph of Article 51 of the ZSDH-1 shall propose candidates to serve as new members of the Supervisory Board to the Company's General Meeting.

Pursuant to the provisions of the ZSDH-1, the members of the Supervisory Board of KAPITALSKA DRUŽBA, d. d. appointed at the General Meeting of 31 January 2011 (thirty-first of January two thousand and eleven) and 27 August 2013 (twenty-seventh of August two thousand and thirteen) shall continue their terms of office until the appointment of new members to the Supervisory Board of KAPITALSKA DRUŽBA, d. d.

The provision of the second paragraph of Article 26 regarding the duration of terms of office shall apply to members of the Management Board appointed following the entry into force of changes to these Articles of Association on account of harmonisation with the ZSDH-1. The restriction applying to the position of members of the Management Board of KAPITALSKA DRUŽBA, d. d. as referred to in the second paragraph of Article 31 of these Articles of Association shall not apply to the term of office of a member of supervisory bodies at other companies in which members of the Management Board of KAPITALSKA DRUŽBA, d. d. are members upon the entry into force of the change to Article 31 of the Articles of Association adopted at the General Meeting of 14 July 2011 (fourteenth of July two thousand and eleven).

The provision of Article 37 (thirty-seven) shall apply as of 1 January 2014 (first of January two thousand and fourteen).

#### Article 59 (fifty-nine)

These Articles of Association shall enter into force on the day that they are entered in the companies register.

Amendments to these Articles of Association adopted by the General Meeting shall enter into force on the day they are entered in the companies register.