

Policy

Policy on the provision of diversity of the management body and senior management

Version 2, General internal act

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Chronology of amendments

Version	Date	Description
1	May 2016	Preparation of policy for the Supervisory Board
1	June 2016	Policy adoption at the General Meeting
2	March 2019	Preparation of amendments to the Policy for the Supervisory Board of NLB d.d. Amendments will expand the group of persons obliged, set the standpoints and policy objectives and their provision.
2 2019	Policy adoption at the General Meeting

1. Introduction

With the Policy **on the provision of diversity of the management body and senior management** (hereinafter: the Policy), NLB d.d. sets the framework in the area of diversity of and representation of both genders in the management and supervision bodies (Supervisory Board and Management Board) and the senior management, and lays down the process of the selection and appointment of candidates (defined in more detail in the Policy on the selection of suitable candidates for members of the Supervisory Board and the Policy on the selection of suitable candidates for members of the Management Board), which enables the management body to be composed in such manner that, as a whole, it possesses suitable knowledge, skills and experience needed for in-depth understanding of the strategy and challenges of the Bank, and the risks the latter is exposed to. With this Policy, NLB d.d. also sets the framework for diversity with regard to education, range of knowledge, skills and experience, age, gender and international experience.

Diversity of the management body and senior management enables different opinions, prevents the so-called

"group thinking", enables well-considered and balanced decisions, risk management and thus greater performance and efficiency of the Bank.

2. Starting point of the diversity policy and its goals

Considering the size of the Bank and the bank group and their regional presence and business strategy, the following aspects are important to ensure diversity:

- expert experience,
- knowledge and skills,
- international experience,
- gender structure and
- age structure.

The Policy aims at the following:

- The management body as a whole must cover an adequately wide range of knowledge, skills and expert experience of its members, and be composed with regard to the following criteria: experience, reputation, management of any conflicts of interest, independence, available time and collective suitability of the body as a whole.
- The management body as a whole must cover different international experience of its members in different areas, especially identified, where a certain gap appears.
- It is encouraged to achieve diversity as regards gender representation, and the plan of activities and the period for achieving the goals shall be set.
- It is encouraged to achieve diversity as regards the age structure, which should reflect the age structure in the Bank as much as possible.
- The goals of the Policy shall also be reasonably applied to the provision of diversity of the wider management.

More detailed criteria are presented in Attachment 1 hereto.

3. Methods of pursuing the goals of the Policy

The Policy on the selection of suitable candidates for members of the Supervisory Board and the Policy on the selection of suitable candidates for members of the Management Board give direction to the process of searching for suitable candidates with regard to the starting points of this Policy, by providing a wide range of candidates for appointment and making a short list of suitable candidates

with regard to the appropriate structure of knowledge, experience, gender representation and diversified age structure.

The Bank has established succession systems, career and mobility planning, training, mentoring, coaching and talent management, especially of those who will potentially assume positions in the Management Board or senior management.

The achievement of the diversity goals shall be assessed annually. Detailed plans of activities shall be prepared, if necessary.

4. Transitional and final provisions

This Policy shall enter into force on the day it is adopted by the General Meeting of Shareholders of NLB d.d., upon prior approval by the Supervisory Board of NLB d.d. and after its publication in the register of internal documents. On the day this Policy enters into force, the Policy on the provision of diversity of the management body and senior management, Version 1, of June 2016 shall cease to apply.

Should there be a discrepancy between the provisions hereof and the provisions of other internal documents of the Bank, the provisions of this Policy shall apply.

5. Policy implementation and reporting

In order to achieve the goals of the diversity policy, its starting points under Chapter 3 shall apply upon the appointment of new members or re-appointment of the members of the Supervisory Board and Management Board, taking into account the Policy on the selection of suitable candidates for members of the Supervisory Board and the Policy on the selection of suitable candidates for members of the Management Board. By analogy, the above applies upon the appointment and re-appointment of the Bank's senior management.

In the statement of the management, it shall be stated how the Policy has been implemented and how the goals for an individual financial year were achieved.

The Nomination Committee of the Supervisory Board shall review the Policy and its implementation once annually, set the goals for the next year and prepare possible proposals for improvement, which shall be approved by the Supervisory Board. The Management Board shall do the same in order to ensure diversity of the senior management.

6. Reference documents

- Articles of Association of Nova Ljubljanska banka d.d. Ljubljana;
- Banking Act (Official Gazette of the RS, nos. 25/2015, 44/16 – ZRPPB and 77/16 – ZCKR, 44/2017);
- Companies Act (Official Gazette of the Republic of Slovenia no. 65/09 - UPB3, with amendments and supplements);
- Corporate Governance Code for Listed Companies (Slovenian Directors' Association and the Ljubljana stock exchange, 27/10/2016, applicable since 01/01/2017);
- Regulation of the Bank of Slovenia on internal management arrangements, management body and the internal capital adequacy assessment process for banks and savings banks (Official Gazette of the RS, nos. 73,15, 49/16, 68/17, 33/18 in 81/18);
- Directive 2014/65/EU of the European Parliament and Council of 15 May 2014;
- EBA Guidelines on internal governance (EBA/GL/2017/11, 21/3/2018) in conjunction with the Decision of the Bank of Slovenia on the application of EBA Guidelines on internal governance (Official Gazette of the RS, 33/18);
- ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders;
- Policy to assess the suitability of the Management and Supervisory Board members of Nova Ljubljanska banka d.d., Ljubljana;

- Guidelines Corporate governance principles for banks – Basel Committee on banking Supervision, Bank for international settlements, July 2015.

7. Statement of the administrator of the internal document about the alignment and approval of the internal document

“The administrator of the internal document hereby ensures that the internal document was submitted for review, alignment and approval to all organisational units in the Bank which are affected by the proposed internal document or its amendments and approved it. The internal document is aligned with them in a way that its contents are clear, compliant with other internal documents of the Bank and not in conflict with other internal documents of the Bank.”

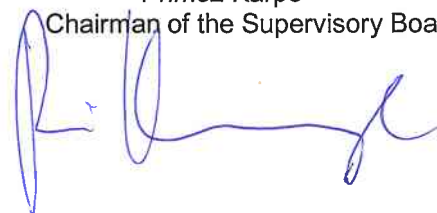
Preparation and review

Name and Surname	Preparation/Review
Vesna Vodopivec, Director Human Resources and Organisation Development	Preparation
Rok Praprotnik, Director of Compliance and Integrity	Review
Marko Jerič, Director Legal and Secretariat	Review

Competent body adopting the act: Supervisory Board of NLB d.d. and General Meeting of NLB d.d.

Ljubljana, 8.3.2019

Primož Karpe
Chairman of the Supervisory Board



ATTACHMENT

Objectives of the Policy

- The management body as a whole must cover an adequately wide range of knowledge, skills and expert experience of its members, and be composed with regard to the following criteria: experience, reputation, management of any conflicts of interest, independence, available time and collective suitability of the body as a whole.
- The management body as a whole must cover different international experience of its members in different areas, especially identified, where a certain gap appears.
- It is encouraged to achieve diversity as regards gender representation, and the plan of activities and the period for achieving the goals shall be set.
- It is encouraged to achieve diversity as regards the age structure, which should reflect the age structure in the Bank as much as possible.
- The goals of the Policy shall also be reasonably applied to the provision of diversity of the wider management.

Supervisory Board

Goal	2018	2019	2020	2021
Wide range of knowledge, skills, expert experience	H	H		

H - high

MH - medium high

ML - medium low

L - low

Goal	2018	2019	2020	2021
International experience of the members in different areas	H	H		

H - high

MH - medium high

ML - medium low

L - low

Goal	2018		2019		2020		2021	
Age structure	30-40	0	30-40	0	30-40		30-40	
	40-50	5	40-50	3	40-50		40-50	
	50-60	2	50-60	2	50-60		50-60	
	60+	1	60+	1	60+		60+	

H - high

MH - medium high

ML - medium low

L - low

Goal	2018	2019	2020	2021
Share of women	25%	0%		

Management Board

Goal	2018	2019	2020	2021
Wide range of knowledge, skills, expert experience	H	H		

H - high

MH - medium high

ML - medium low

L - low

Goal	2018	2019	2020	2021
International experience of the members in different areas	H	H		

H - high

MH - medium high

ML - medium low

L - low

Goal	2018		2019		2020		2021	
Age structure	30-40	0	30-40	0	30-40		30-40	
	40-50	3	40-50	3	40-50		40-50	
	50-60	1	50-60	1	50-60		50-60	
	60+	0	60+	0	60+		60+	

H - high

MH - medium high

ML - medium low

L - low

Goal	2018	2019	2020	2021
Share of women	0%	0%		

Senior management

Goal	2018	2019	2020	2021
Wide range of knowledge, skills, expert experience	H	H		

H - high

MH - medium high

ML - medium low

L - low

Goal	2018	2019	2020	2021
International experience of the members in different areas	ML	MH		

H - high

MH - medium high

ML - medium low

L - low

Goal	2018		2019		2020		2021	
Age structure	30-40	3	30-40	3	30-40		30-40	
	40-50	24	40-50	24	40-50		40-50	
	50-60	9	50-60	9	50-60		50-60	
	60+	0	60+	0	60+		60+	

H - high
 MH - medium high
 ML - medium low
 L - low

Goal	2018	2019	2020	2021
Share of women	53%	53%		