

For publication



Policy

**on the provision of diversity of the management body and senior management in
NLB d.d.**

Version 3, general internal document

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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. The amendments to this policy expand the group of persons bound by it, set the starting points and the goals of the policy and their pursuit.
2	June 2019	Policy adoption at the General Meeting
3	April 2022	Amendments to the Policy, taking into account of the JST recommendations, amendments to Companies Act (ZGD-1K), amendments to Banking Act (ZBan-3), EBA and ESMA Guidelines on assessing the suitability of members of the management body and holders of key functions, amendments to the Slovenian Corporate Governance Code, EBA Guidelines on Internal Governance

Introduction

Purposes and scope

The Diversity Policy is a document that defines the Bank's commitments on diversity in relation to representation on the Management Board (hereinafter: the Management Board and the Supervisory Board) and senior management on certain aspects of this policy, which contains specific goals and implementation.

With its Policy on the provision of diversity of the management body and senior management (hereinafter: the Policy), NLB d.d. (hereinafter also referred to as: NLB or the Bank) defines the target diversity pursued in relation to representation in the Supervisory Board, Management Board and senior management as regards gender, age, professional competencies, continuity of the composition of individual bodies, international experience, geographical provenance and other personal characteristics of the members of bodies and senior management as appropriate for the bank in view of its characteristics.

At the same time, the establishment and implementation of an appropriate policy for the selection of suitable candidates provides incentives for diversity within the management body, including adequate gender representation in the management body, in order to increase the underrepresented gender in the management body and define the conditions for the performance of each function, including the required profile of the members of the management body, even before they are appointed.

These criteria were chosen in order to provide sufficiently diverse opinions and expertise necessary for a good understanding of current events and long-term risks and opportunities associated with the company's operations, taking into account the size of the Bank and the banking group, regional presence and business strategy as well as the size of the Management Board and the Supervisory Board and the systemic importance of the bank.

The process of selection and appointment of the candidates for members of the Management and Supervisory Boards is 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, together with this Policy, enable the management body to be composed in such a way that, as a whole, it has the knowledge, skills and experience required for an in-depth understanding of the Bank's strategy and challenges, and the risks to which it is exposed. 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.

In addition, the Bank has also established a process for assessing the suitability of the members of the management body and key function holders, part of which is self-assessment of the collective suitability of the management body (defined in more detail in the Policy for the Assessment of Suitability of the Management and Supervisory Board Members of NLB d.d.), by which the Bank detects any deficiencies in the composition of the management body and ensures that the latter as a whole always has a sufficiently wide range of knowledge, skills and experience. It is important that an appropriate diversity of the management body in line with the objectives of this Policy is considered to be one of the components of collective suitability of the management body.

1. Starting points of the diversity policy

This policy sets out:

- the policy holder is the Nomination Committee of the NLB Supervisory Board and the policy administrator is Human resources and Organization Development;
- activities of the Supervisory Board for the implementation of the Diversity Policy: drafting candidates for membership in the Supervisory Board for the General Meeting, appointing members of the Management Board and assessing the composition of the Management Board, self-assessing the Supervisory Board and assessment of the composition of the Supervisory Board;
- selection of the diversity aspects relevant to the Bank and an explanation of why they were chosen.

2. The objectives of the diversity policy and the ways of implementing it

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:

- gender structure
- age structure
- professional competencies, skills and experience
- continuity of composition of the management body and senior management
- international experience
- personal integrity
- geographical provenance

2.1 Gender diversity

The Bank encourages the achievement of diversity in terms of appropriate representation of both genders. The Bank pursues this objective by making sure that all stakeholders in the HRM process endeavour to form an appropriate group of candidates in the recruitment process, taking into account appropriate representation of the less represented gender and a suitable representation of the two genders in line with the objectives of the Policy. For this purpose, The Bank has set a quantitative goal by defining a period for achieving this goal. NLB d.d. respects and follows the initiative 40/33/2026 Association of Supervisors of Slovenia for voluntary achievement of the goal of sexual diversity by the end of 2026: 40% for members of supervisory boards and a total of 33% for members of supervisory boards and management boards of the underrepresented sex in public joint stock companies and state-owned companies.

2.2. Age diversity

The Bank encourages the achievement of diversity as regards the age structure, which should reflect the age structure in the Bank as much as possible. The Bank endeavours to achieve this objective by using the recruitment channels enabling the attraction of a sufficiently wide range of candidates of different ages, so that all age groups are represented in the management body and senior management. The Bank takes into account the appropriate ratio between younger and older members of the

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management body or the age structure of senior management when appointing new candidates. For this purpose, The Bank has set a quantitative goal by defining a period for achieving this goal.

2.3. Professional competencies, skills and experience

The Bank ensures for the management body that members with experience in the field of finance, law and corporate governance are provided, who are familiar with banking activities, have skills in the area of management and experience in risk management. The management body as a whole must cover an adequately wide range of knowledge, skills and professional experience of its members, and be composed with regard to the following criteria: experience, reputation, management of potential conflicts of interest, independence, available time and collective suitability of the body as a whole. The above-mentioned requests apply mutatis mutandis to the senior management. For this purpose, The Bank has set a quantitative goal by defining a period for achieving this goal. The procedure for assessing these criteria and the criteria used for this is defined in more detail in the Policy for the Assessment of Suitability of the Management and Supervisory Board Members of NLB d.d. and the Policy for the Assessment of the Suitability of Key Position Holders of NLB d.d. and the NLB Group.

2.4. Continuity of composition of the management body and senior management

The Bank ensures for the management body an appropriate continuity, meaning a suitable ratio between the existing and the new members of the management body and senior management. The Bank endeavours to ensure continuity by not changing all members of the management body or senior management at the same time. For this purpose, The Bank has set a quantitative goal by defining a period for achieving this goal.

2.5. International experience

The Bank endeavours to achieve a suitable share of the management body and senior management members with international experience in different areas, especially those identified, where a certain gap appears (eg foreigners and Slovenes doing business abroad). To this end, the Bank has set a goal by defining a period for achieving this goal, taking into account the relevant policies for selecting a suitable candidate.

2.6. Personal integrity

The management body and senior management members must achieve a high level of personal integrity whereby integrity represents the expected action and responsibility of individuals and organizations in preventing and eliminating risks of using authority, function, authority or other decision-making power contrary to law, legally permissible goals and in accordance with the guidelines defined in the NLB Group Code of Conduct.

2.7. Geographical provenance

Considering the Bank's presence on foreign markets, the Bank endeavours for the management body members to have different geographical provenances, as this ensures that at collective level the management body has a suitable knowledge of the culture, market characteristics and legal framework in the areas where the Bank operates.

A more detailed definition of objectives from the previous points and deadlines for achieving them is presented in Attachment 1 to the Policy.

3. Implementing the diversity policy

The Bank's Supervisory Board and the Nomination Committee of the NLB Supervisory Board strive to comply the diversity policy of the Management Board.

Stakeholders who strive to comply the diversity policy of the Supervisory Board:

- Majority shareholders as well as other shareholders when voting at the General Meeting in order diversity policy is supported,
- The Workers 'Council in the appointment of employee representatives to the Company' s Supervisory Board and
- The Supervisory Board and the Nomination Committee in formulating the General Meeting's proposal for nomination members of the Supervisory Boards.

4. Measures to achieve diversity

In order to achieve the objectives of this diversity policy, the following measures shall be used as set out in Chapter 3 of this policy:

- 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. The above applies mutatis mutandis upon the appointment and re-appointment of the Bank's senior management;
- pre-definition of the conditions for the performance of each function, including the required profile of the members of the management body, even before they are appointed;
- using recruitment pathways that attract a sufficiently wide range of different candidates;
- if two candidates for the position of a member of the Management Board or a member of the Supervisory Board meet all the required tender criteria and at the same time the target gender representation is not achieved in a certain body, a candidate of the underrepresented sex shall be selected;

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- in achieving the target representation of the Management Board, as well as by a predetermined replacement plan and by fulfilling another member of the Management Board, as defined by the Articles of Association of NLB d.d.;
- take into account the objectives of the diversity policy when assessing the collective suitability of management and supervisory bodies;

5. Monitoring and reporting on the implementation of diversity policy

The policy administrator prepares a proposal for the assessment of the fulfillment of the objectives of this policy for the Commission for Appointments of the NLB Supervisory Board, which reviews the policy or its implementation once a year and prepares possible proposals for improvements.

The evaluation of the set goals at the annual review is documented. In the event that individual objectives of this policy have not been met, the assessment shall state the reasons why they have not been met, the measures to be implemented by the Bank and the timeframe within which they will be implemented.

Updating the Policy is assessed on an annual basis, but the Supervisory Board may assess whether the Diversity Policy is still appropriate in view of the Bank's actual needs regarding the composition of the Management Board and the Supervisory Board and propose an update of the Policy.

6. Reporting on the fulfillment of the objectives and other requirements of the Diversity Policy

In order to monitor the implementation of the diversity policy of management and supervisory bodies, it is important that in accordance with Companies Act it is appropriately presented in the business report of the annual report of the NLB Group, namely:

- a description of the diversity policy implemented in relation to representation in management or supervisory bodies regarding aspects such as gender, age or education,
- objectives,
- method of implementation, and
- the results achieved by the diversity policy during the reporting period.

If diversity policy is not implemented in society, this shall be stated.

At the same time, in the NLB Corporate Governance Statement the Bank must explain any deviations from the recommendations of the Slovenian Code of Corporate Governance d.d. in the part of diversity, which is the reference code for the bank in this area, taking into account international guidelines the role of the various commissions, shareholder information and, if the diversity objectives have not been met, when the company intends to meet them.

The NLB Management Statement is published in the Business Report of the NLB Group Annual Report (www.nlb.si/financa-porocila), as well as as a separate statement on the Bank's website (www.nlb.si/korporativno-upravljanje) and on the Ljubljana Stock Exchange information portal. SEOnet (seonet.ljse.si).

Pursuant to the second paragraph of Regulation (EU) no. 575/2013, the bank must also state in the Disclosure Report under the 3rd pillar of Basel standards how the policy was implemented and define the extent to which the objectives for individual categories have been achieved. If an individual goal is not achieved, the reasons for that or the measures taken to achieve the goal within a certain period of time shall be stated.

7. 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. On the day this Policy enters into force, the Policy on the provision of diversity of the management body and senior management, Version 2, of June 2019 shall cease to apply.

This Policy shall be published in the Register of internal documents and in the application EDMS_OfficePoint and on the Bank's website.

8. Reference documents

- Articles of Association of Nova Ljubljanska banka d.d. Ljubljana;
- Banking Act (Official Gazette of the RS, no. 92/21 and 123/21 – ZBNIP);
- Companies Act (Official Gazette of the RS, no. 65/09 – UPB3, 33/11,91/11,32/12,57/12,44/13 – odl.US, 82/13,55/15,15/17,22/19- ZPosS, 158/20 – ZintPK-C and 18/21);
- Slovenian Corporate Governance Code for Listed Companies (Slovenian Directors' Association and the Ljubljana Stock Exchange, applicable since 01/01/2022);
- 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, no. 115/2021);
- Directive 2014/65/EU of the European Parliament and Council of 15 May 2014;
- EBA Guidelines on internal governance (EBA/GL/2021/05, 02/07/2021) – the Decision on the application of the Guidelines on internal governance (Official Gazette of the RS, 184/2021);
- ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06);
- Regulation on the application of Guidelines on the assessment of the suitability of members of the management body and key function holders (Official Gazette of the RS, no. 184/2021);
- 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.

1. Izjava skrbnika notranjega akta o uskladitvi in potrditvi notranjega akta

»Skrbnik notranjega akta zagotavljam, da je bil notranji akt posredovan v pregled, uskladitev in potrditev vsem organizacijskim enotam v banki, na katere ima predlagani notranji akt oz. njegove spremembe vpliv in je tudi potrjen z njihove strani. Z njimi je notranji akt usklajen na način, da je njegova vsebina jasna, skladna z drugimi notranjimi akti banke in ni v nasprotju z drugimi notranjimi akti v banki.«

2. 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
Ines Rožanc and Mojca Cigler Human Resources and Organisation Development	Preparation
Vesna Vodopivec, Director Human Resources and Organisation Development	Review
Rok Praprotnik, Director of Compliance and Integrity	Review
Jan Bukovec Geiger, Director Legal and Secretariat	Review

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

Ljubljana,

Primož Karpe
Chairman of the Supervisory Board

ATTACHMENT

Objectives of the Policy:

1. Supervisory Board

Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
Share of women	42%	42%	42%	42%	42%

Objective		2021 (Oct)	2022	Plan for 2023	Plan for 2024	Plan for 2025
Age structure	31-40 years	0	0	0	0	0
	41-50 years	1	1	2	2	2
	51-60 years	8	8	5	5	5
	61+ years	3	3	5	5	5

Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
Professional competencies, skills and experience	H	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
International experience	MH	MH	MH	MH	MH

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Continuity of composition of the management body	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

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Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Personal integrity	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Geographical provenance	MH	MH	MH	MH

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

2. Management Board

Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
Share of women	0%	16.7%	16.7%	30%	30 %

Objective		2021 (Oct)	2022	Plan for 2023	Plan for 2024	Plan for 2025
Age structure	31-40 years	0	0	0	0	0
	41-50 years	3	3	2	2	1
	51-60 years	0	3	4	4	5
	61+ years	0	0	0	0	0

Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
Professional competencies, skills and experience	H	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
International experience	MH	MH	MH	MH	MH

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

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Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Continuity of composition of the management body	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Personal integrity	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Geographical provenance	MH	MH	MH	MH

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

3. Senior management

Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
Share of women	45%	45%	45%	45%	45%

Objective		2021 (Oct)	2022	Plan for 2023	Plan for 2024	Plan for 2025
Age structure	21-30 years	1	0	0	0	0
	31-40 years	5	3	1	1	1
	41-50 years	19	18	18	18	18
	51-60 years	13	14	16	16	16
	61+ years	0	1	2	2	2

Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
Professional competencies, skills and experience	H	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

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Objective	2021	2022	Plan for 2023	Plan for 2024	Plan for 2025
International experience	MH	MH	MH	MH	MH

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Continuity of the composition of senior management	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Personal integrity	H	H	H	H

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)

Objective	2022	Plan for 2023	Plan for 2024	Plan for 2025
Geographical provenance	L	L	L	L

H - high (71% - 100%)

MH - medium high (51% - 70%)

ML - medium low (31% - 50%)

L - low (<30%)