

## STATEMENT OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE

### ***The company Petrol d.d., Ljubljana, hereby makes its statement of conformity with the Corporate Governance Code***

In the period from 1 January 2018 to 31 December 2018, the Company was bound by the Slovene Corporate Governance Code for Listed Companies (hereinafter 'the Code') as jointly drawn up and adopted by the Ljubljana Stock Exchange and the Slovene Directors' Association on 27 October 2016. The Code entered into force on 1 January 2017. It is available both in Slovene and in English from the website of the Ljubljana Stock exchange at <http://www.ljse.si/>. The Company has not adopted a corporate governance code of its own. It is managed in accordance with the Companies Act and within the framework of the above Code. In compliance with the recommendations of the applicable Code, the Supervisory Board and the Management Board drew up and, at the Supervisory Board meeting of 23 November 2010, adopted the Corporate Governance Policy of Petrol d.d., Ljubljana, which was published via the Ljubljana Stock Exchange SEOnet information system on 28 December 2010. The policy was updated at the Supervisory Board meetings of 12 December 2013, 11 December 2014, 15 December 2016, 14 December 2017 and 13 December 2018, and published via the Ljubljana Stock Exchange SEOnet information system (the version currently in force is available at [http://seonet.ljse.si/default.aspx?doc=PUBLIC\\_ANNOUNCEMENTS\\_BY\\_PRIME\\_MARKET\\_ISSUERS&doc\\_id=67156](http://seonet.ljse.si/default.aspx?doc=PUBLIC_ANNOUNCEMENTS_BY_PRIME_MARKET_ISSUERS&doc_id=67156)) on 23 December 2013, 13 January 2015, 23 December 2016, 29 December 2017 and 31 December 2018, respectively. It is also available, in Slovene and in English, from the website of Petrol d.d., Ljubljana, ([www.petrol.si](http://www.petrol.si), [www.petrol.eu](http://www.petrol.eu)).

### **Declaration of compliance with the Code**

The company conducts its operations in compliance with the Code, i.e. both with its guiding principles and recommendations. Any deviations or partial deviations from the Code are listed and explained below.

- In its Rules of Procedure, the Supervisory Board has not set the scope of topics and timeframes to be respected by the Management Board in its periodic reporting. The topics are already laid down in the Company's annual financial calendar rather than in the Rules of Procedure. In addition to the Financial Calendar, which is published on SEOnet, the Supervisory Board adopts an extended version of the calendar comprising additional topics and timeframes applicable to the Supervisory Board and its committees and, as such, representing a coherent and comprehensive working plan of this body (the Code: Supervisory Board's Tasks, first sentence of paragraph 12.3).
- Due to a high degree of data confidentiality and to ensure a higher standard of communication with Supervisory Board members, information technology is seldom used to convene meetings and distribute Supervisory Board documents. It will be introduced as soon as all members of the Supervisory Board and its committees are equipped with sufficiently secure connections and protocols to prevent unauthorised access to documents and, where necessary or desirable, to securely provide themselves with printed documents (the Code: Supervisory Board's Tasks, paragraph 12.5).
- When setting up committees, the Supervisory Board did not define their tasks. For the Audit Committee, these have already been defined in laws and recommendations and, specifically, in each annual work programme of the Audit Committee which is approved by the Supervisory Board. The Human Resources and Management Board Evaluation Committee performs all of its

tasks as decided by the Supervisory Board on a case-by-case basis (the Code: Supervisory Board Committees, first sentence of paragraph 18.2).

- The Company's management has not adopted particular rules and a corporate communication strategy that would contain rules on the protection of confidentiality, trade secret and inside information as well as clearly define information flow inside the Company, along with the recording and supervision of access to inside information from origin to public announcement, as well as warnings that the information has not been publicly disclosed yet and therefore constitutes inside information. The Company has in place the Rules on the Safeguarding of Trade Secrets at the Petrol Group, and everybody that is any way whatsoever linked to inside information is required to keep this information confidential as they are included on the insider list and may be penalised on various grounds, depending on whether they are external contractors, employees, Management Board members or Supervisory Board members. Although the Company has not laid down particular rules governing this field, it has in place a well established system of communicating with the public and provides information about all important events as they arise (the Code: The Company's Corporate Communication Strategy (indents 1 and 2 of paragraph 27.2)).
- The Company has not yet drawn up an internal act or rules that would lay down additional rules on trading limitations regarding its shares in addition to legal provisions and regulations. Nevertheless, any person having access to inside information signs a special statement to keep inside information confidential. In accordance with the requirements of the Securities Market Agency, the Company keeps a list of persons with access to inside information, which is always up-to-date. The Company has laid down and enforced the highest ethical standards and values which are communicated to the persons having access to inside information. Trading in accordance with an act could have been too rigid, as each individual must assess on their own when they are in possession of inside information that prevents them from trading. Only an exceedingly good act can be considered a better alternative to not having such an act in the first place, as it can also be used to formally address borderline cases (the Code: Trading Restrictions with Shares, paragraph 27.3).
- The Company provides prompt information about its financial and legal situation through public announcements, but it does not report on operational estimates as this is inconsequential as long as its operations are in line with the applicable strategy and annual work programme. In the event of deviations, the Company would immediately make a public announcement to inform interested stakeholders of other business events, impacts and deviations (the Code: Public Announcement of Important Information, indent 3 of paragraph 29.1).
- At the Company's General Meeting of April 2017, the Management Board was authorised to acquire own shares within 36 months of the adoption of the resolution. One of the shareholders announced and then filed a lawsuit to contest the resolution, but the Court did not issue a final decision by the end of the financial year 2017. In 2018 the plaintiff withdrew the lawsuit, at which point the court issued a decision to halt the proceedings. The Management Board did not act on the above authorisation in 2018, which is why it did not draw up and publicly announce the programme of acquisition of own shares (the Code: Public Announcement of Important Information, paragraph 29.3).
- The Company has not published the applicable wording of the rules of procedure of its bodies on its website. The Management Board and the Supervisory Board discussed the benefits of this recommendation and view the Supervisory Board's Rules of Procedure and the Management Board's Rules of Procedures as texts which are updated on a regular basis and are intended for the sole use of these bodies. Moreover, any external assessment of these documents by third parties would have been unnecessary due to their not being familiar with the needs of these

bodies. The General Meeting Rules of Procedure were adopted at the first general meeting of the joint-stock company Petrol d.d., Ljubljana in 1997. They are always available during the general meeting and do not contradict the Companies Act, which lays down, through peremptory provisions, all elements concerning the running of a general meeting, making it sufficient to have the rules of procedure available only during each general meeting (the Code: Public Announcement of Important Information, paragraph 29.9).

**Nada Drobne Popović**  
**President of the Supervisory Board**

**Tomaž Berločnik**  
**President of the Management Board**

Ljubljana, 7 March 2019