



REPUBLIC OF SLOVENIA  
COURT OF AUDIT

# AUDIT REPORT

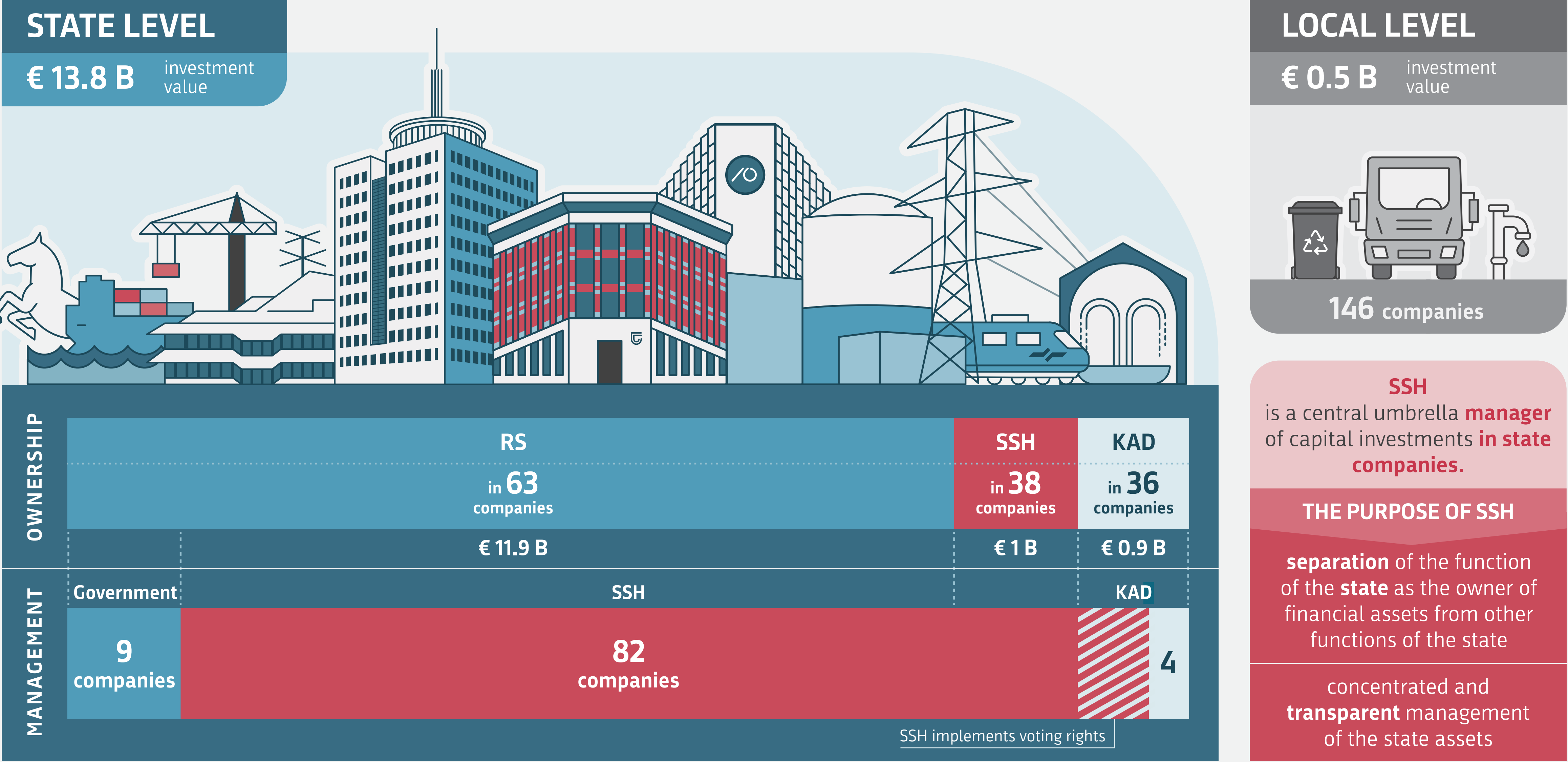
## Candidacy procedures for the appointment of members of the supervisory boards of the companies managed by the Slovenian Sovereign Holding

**Performance audit**

Audit period: 1 January 2020 to 31 August 2024



# Ownership and management of the commercial companies 31/12/2024

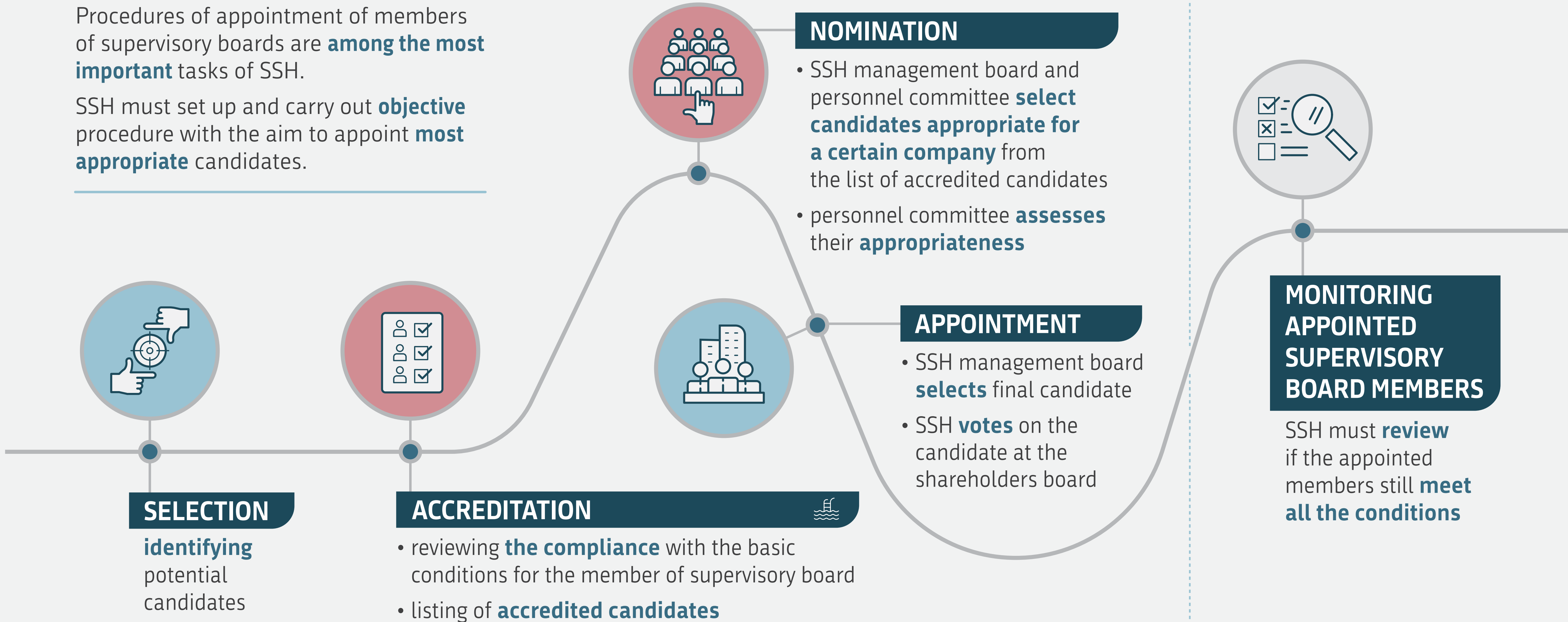


# Supervisory board appointment procedures

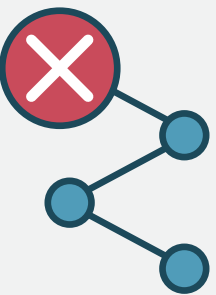
## CANDIDACY PROCEDURE

Procedures of appointment of members of supervisory boards are **among the most important** tasks of SSH.

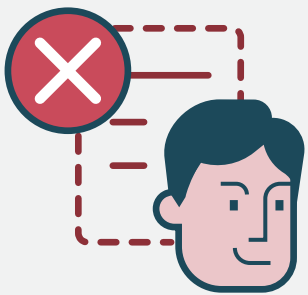
SSH must set up and carry out **objective** procedure with the aim to appoint **most appropriate** candidates.



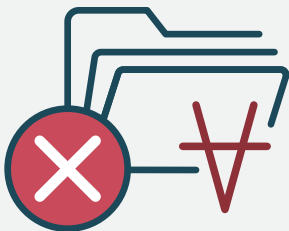
# Poorly documented process of recruitment and selection of candidates



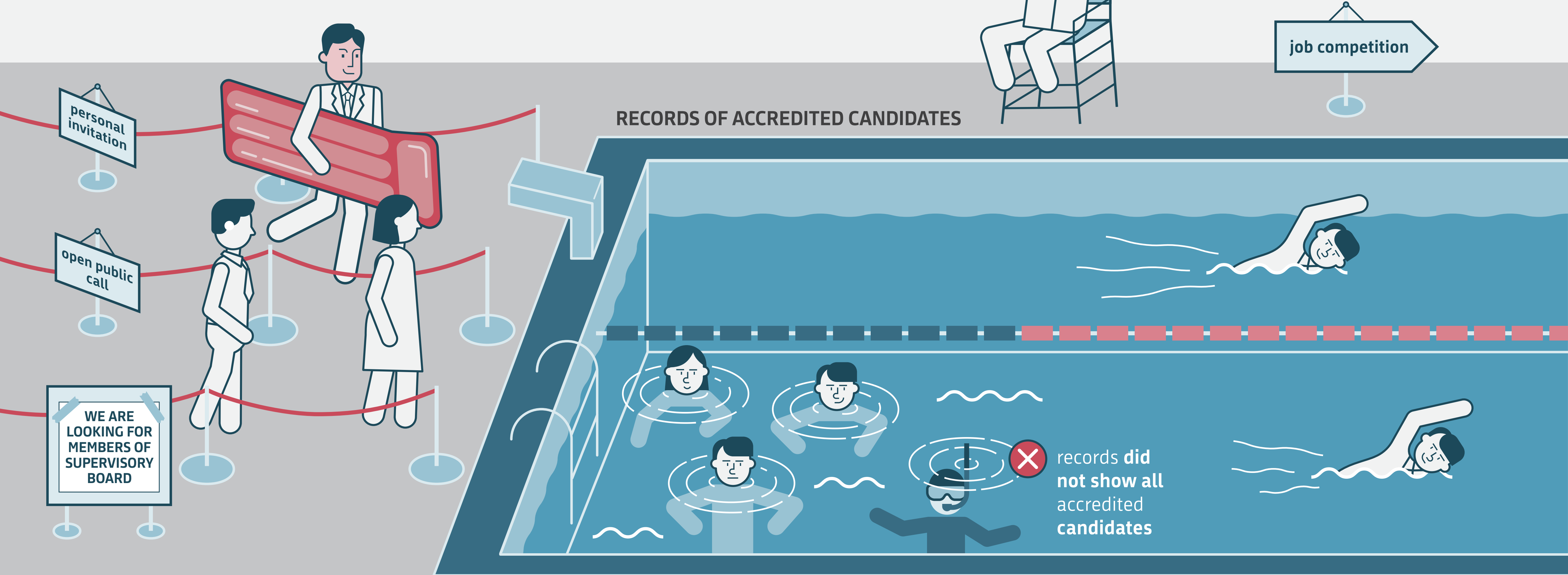
**recruitment path** was **not recorded**  
SSH must provide tracking of recruitment path of candidates and also who invited or proposed a candidate



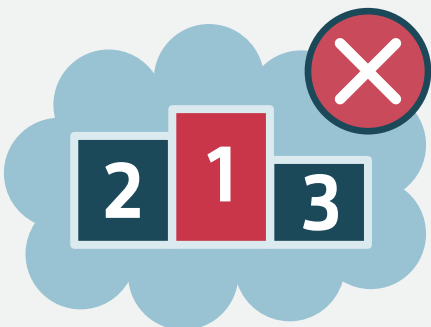
**a special list** of accredited candidates designed **without criteria** or legal basis in internal acts



**manner of candidate selection** for an individual company was not documented



# Poor justifications and not documented decisions

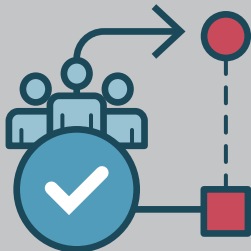


personnel committee  
**failed to rank** appropriate  
candidates



decisions on appointment  
of candidates **not explained**  
by the management

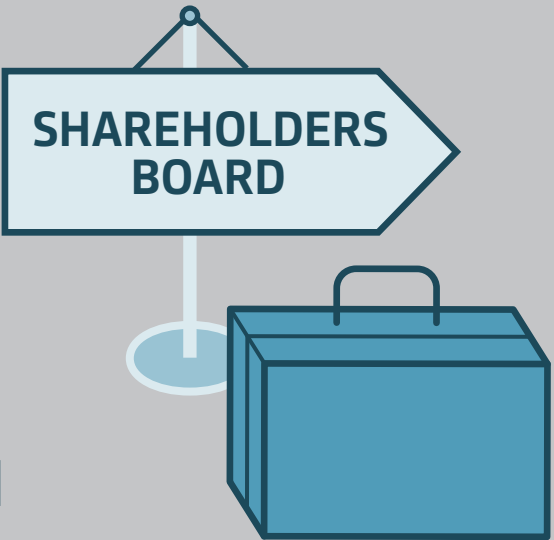
selection criteria  
are exclusively  
**professional  
competence and  
experience**



SSH failed to use  
**exceptional procedure**  
for the appointment of  
a candidate **bypassing**  
personnel committee



**not documented interviews**  
between SSH management  
board and candidates taking  
place prior to the appointment  
decision



SSH at shareholders' meeting **voted  
against** candidates assessed as  
inappropriate or not assessed candidates

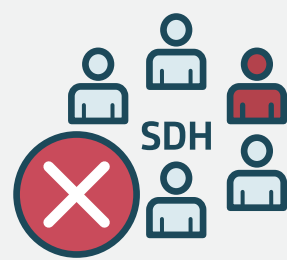
**87%**  
of candidates  
assessed as  
**appropriate**

# Personnel committee carries out management board's instructions

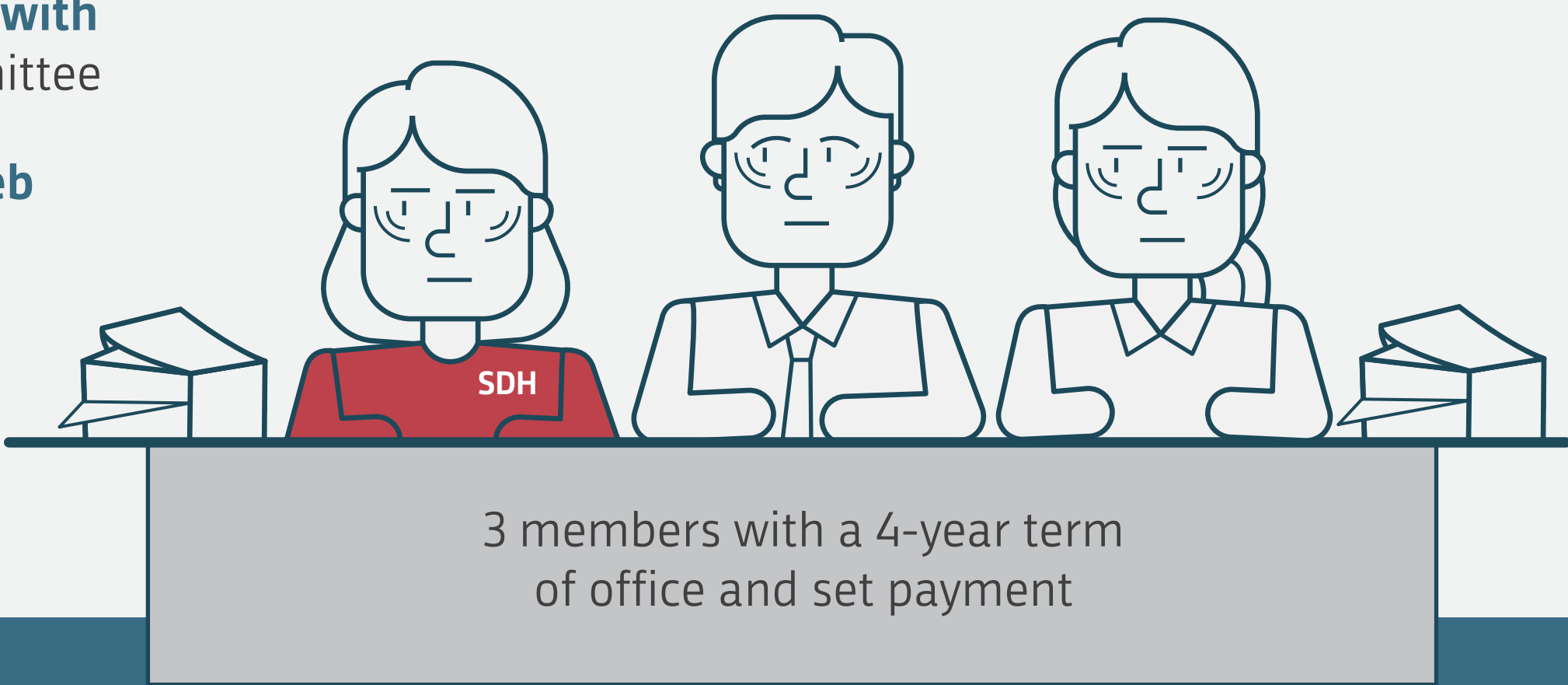
Advisory body of the management board with **legally** defined tasks: **to select, accredit and assess** candidates.

## SELECTION OF THE COMMITTEE

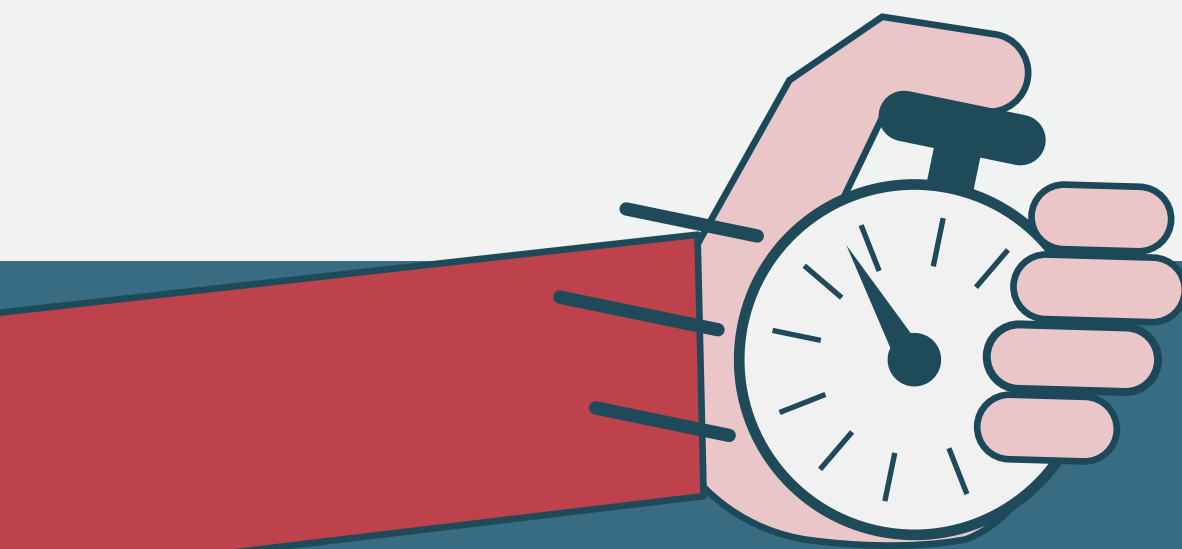
-  during the selection procedure **additionally a new selection criterion set**
-  a person who **previously partnered with candidates** cooperated in the committee
-  public call published **only on the web site with a short application period**



SSH in its internal acts defined that **one member can be selected among the employees of SSH** – management appointed head of its cabinet as a member of the committee



3 members with a 4-year term of office and set payment



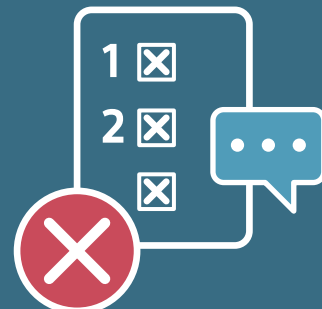
in **38** cases management board set a time-limit for carrying out **the procedure** which was **shorter than prescribed one**  
in **12** cases the procedure was carried out in **one day**



**inadequate or poorly reasoned assessments**



not provided objective assessments which would be based on **scoring of criteria met**

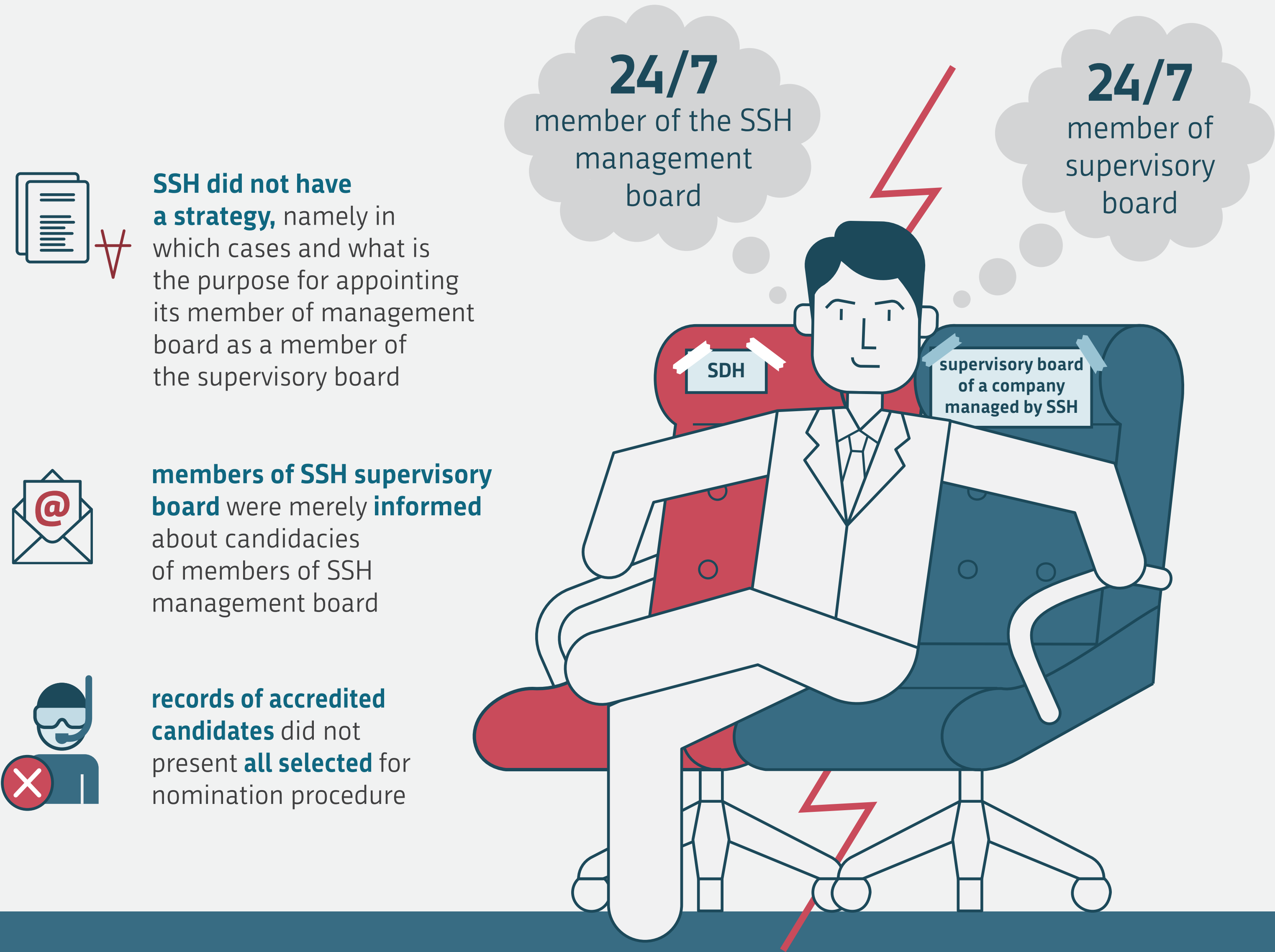


committee **did not adopt a position** when conditions were (not) met



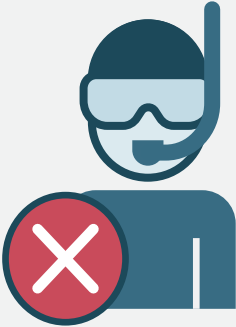
interviews with candidates **via video-calls**

# Employees and members of SSH management in candidacy procedures

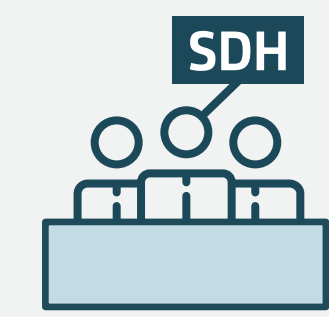


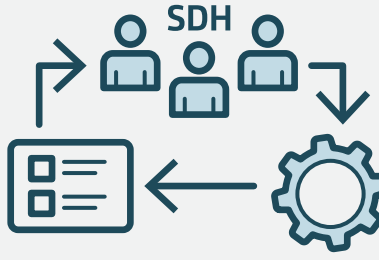
 **SSH did not have a strategy**, namely in which cases and what is the purpose for appointing its member of management board as a member of the supervisory board

 **members of SSH supervisory board** were merely **informed** about candidacies of members of SSH management board

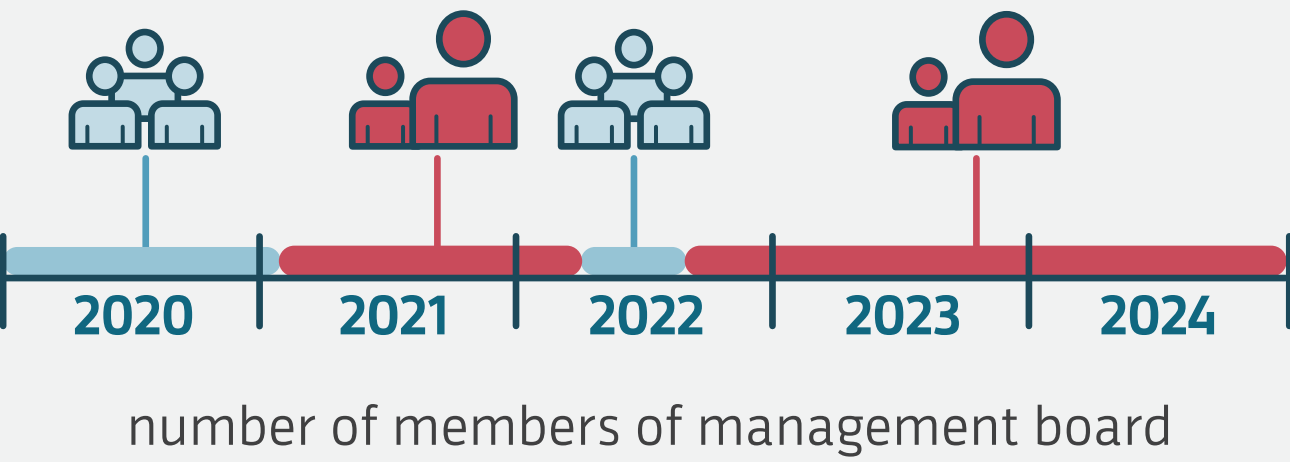
 **records of accredited candidates** did not present **all selected** for nomination procedure

## RISKS OF APPEARANCE OF CONFLICT OF INTEREST

 members of SSH management board were members of supervisory boards **in 8 state companies**

 in the procedures for members of supervisory boards were **30 employees** of SSH

 **2-member managing board** consequently **cannot exclude** a member of the managing board when **voting on its candidacy** since a quorate is necessary



# Personnel committee portal

Enables electronic **registration and submission of candidacies**, **managing accreditations** and **nominations** and **archiving** related documents.



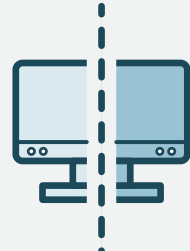
 **NOT ALL DOCUMENTS WERE INCLUDED**



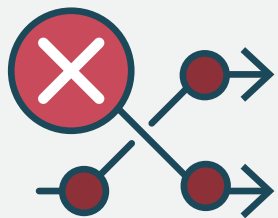
uniform **digital entry point** for candidacy procedures



internal acts did **not define access rights**



documentation **partly on portal and partly on server**  
complete **correspondence** with candidates not included



did **not provide traceability** of changes

# Opinion of the Court of Audit

Slovenian Sovereign Holding was **partially efficient** in managing procedures for the appointment of members of the supervisory boards.

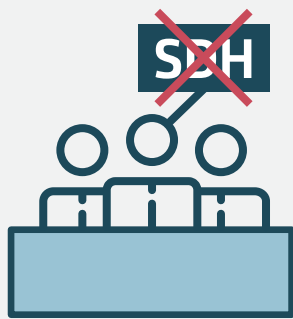
The Court of Audit **proposed several recommendations** to SSH to improve its operations.



SSH should amend its internal acts to provide that personnel committee comprises **exclusively of external members**



personnel committee should mostly **conduct interviews with candidates in person**



SSH should primarily appoint candidates to supervisory boards who are **not members of SSH management board**

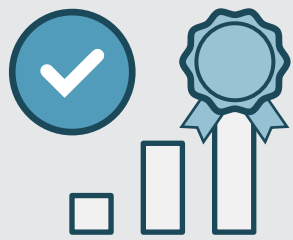


SSH should define **procedure of informing** the SSH supervisory board about candidacies of members of managing board or employees of SSH

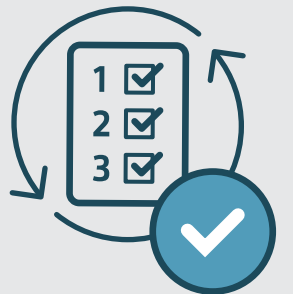


SSH should **update** Personnel committee portal and provide for **completeness of the data**

SSH already during the audit procedure amended internal acts:



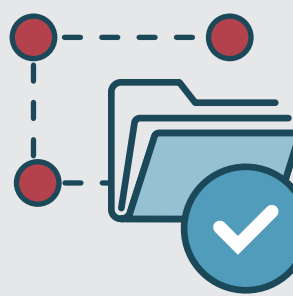
personnel committee **proposes** additional candidates from the list and **ranks** appropriate candidates according to professional competence and experience



personnel committee **consistently adopts** its position on meeting all conditions



SSH shall **provide better publicity of public calls** for members of personnel committee



SSH must provide **traceability and records** of all decisions made