

Pursuant to Article 34, Paragraph three of the Articles of Association of POSLOVNI SISTEM MERCATOR d.d., and Article 14 of the Rules of Procedure for the Supervisory Board of Poslovni sistem Mercator d.d., the Human Resource Committee of the company Supervisory Board adopted at its session on October 24, 2017 the following:

**RULES OF PROCEDURE  
FOR THE HUMAN RESOURCE COMMITTEE OF THE SUPERVISORY BOARD  
OF THE COMPANY POSLOVNI SISTEM MERCATOR D.D.**

GENERAL PROVISIONS

Article 1

These Rules of Procedure regulate the organization and specify the work method of the Human Resource Committee of the Supervisory Board of Poslovni sistem Mercator d.d. (hereinafter referred to as the Human Resource Committee).

The Human Resource Committee shall perform tasks as normally assigned to the human resource committees, remuneration committees, and nomination committees of public limited (joint stock) companies.

For all and any issues not specified in detailed or expressly specified otherwise with these Rules of Procedure, the provisions of the Rules of Procedure for the Supervisory Board of Poslovni sistem Mercator d.d. shall apply *pari passu*.

COMPOSITION AND OPERATION OF THE HUMAN RESOURCE COMMITTEE

Article 2

The Human Resource Committee shall be appointed by the Supervisory Board of Poslovni sistem Mercator d.d. (hereinafter referred to as the Human Resource Committee). With the resolution on the appointment of the Human Resource Committee, the Supervisory Board also specifies its intended term of office which shall not be longer than the term of office of the Supervisory Board.

The Human Resource Committee shall consist of a chair (chairperson) and at least two members. The number of Human Resource Committee members shall be specified by the Supervisory Board upon its appointment.

As a rule, the Supervisory Board shall appoint Human Resource Committee members from among its members; in addition, independent (third party) experts may also be appointed as Human Resource Committee members. Human Resource Committee chair shall be appointed by the Supervisory Board from among its members. Any person who has been a company Management Board member within the last three years cannot be appointed as the Human Resource Committee chair.

The Supervisory Board may replace the independent expert serving as a Human Resource Committee member at any time.

### Article 3

When appointing the Human Resource Committee members, the Supervisory Board shall consider their personality traits that ensure their expert, quality, and independent work, and especially their independence, available time for work in the Human Resource Committee, and familiarity with the contents of the field of expertise that lies within the powers and authorizations of the Human Resource Committee.

### Article 4

The Secretary to the Supervisory Board shall also be the Secretary to the Human Resource Committee.

The Supervisory Board and the company Management Board shall provide to the Human Resource Committee all materials and documentation required for the Committee's work.

When the Human Resource Committee uses services by external or independent advisors or consultants, it shall hire advisors who do not simultaneously provide such consulting services to the company in other tasks or to other bodies of the company.

### Article 5

In performing their function, all Human Resource Committee members shall observe and pursue exclusively the goals of the company.

For independent Human Resource Committee members (who are not at the same time Supervisory Board members), the same rules of confidentiality and conflict of interest shall apply, *pari passu*, as for the Supervisory Board members.

In order to protect the confidentiality of information, independent Human Resource Committee members shall sign a non-disclosure statement (or statement on protection of confidentiality) which shall be presented for signing by the Supervisory Board.

Independent Human Resource Committee members shall be independent from the company and the Management Board.

## POWERS, AUTHORIZATIONS AND TASKS OF THE HUMAN RESOURCE COMMITTEE

### Article 6

Based on the effective authorization by the Supervisory Board, the Human Resource Committee shall be responsible for the following:

- providing assistance to the Supervisory Board in compiling the resolution proposals on the criteria and assessment of the candidates for membership in the Management Board; in particular, the Human Resource Committee shall prepare a description of roles and qualifications that should be required for a particular appointment, to assess the balance between competencies, knowledge, and experience of individual candidates, and to manage selection interviews;
- regular periodic assessment of the Management Board's size, composition, compliance with the diversity policy, and its work;
- support in assessment of the Management Board's work;
- in case of dismissal of a Management Board member, provision of explanations of the reasons for such dismissal;
- monitoring the execution of the remuneration policy for Management Board members including policy regarding receipts in the form of shares;
- support in devising and executing the Management Board remuneration system;
- receiving information about the Management Board's staffing (human resource management) decisions for managerial and executive employees, and receiving information on remuneration policy in this respect, based on respective Supervisory Board decisions or resolutions;
- providing assistance to the Supervisory Board in compiling the resolution proposals on the criteria and assessment of the candidates for membership in the Supervisory Board; in particular, the Human Resource Committee shall prepare a description of roles and qualifications that should be required for a particular appointment, and assess the balance between competencies, knowledge, and experience of individual candidates;
- support to assessment of the Supervisory Board's efficiency, or to Supervisory Board's self-assessment;
- support to devising and executing the system of remuneration for the Supervisory Board members, including support in the preparation of the Shareholders Assembly proposal on the remuneration to the Supervisory Board members;
- support in other Supervisory Board decisions pertaining to human resource issues or which are related to the Supervisory Board and in which a conflict of interest of Supervisory Board members is possible.

### Article 7

The Human Resource Committee may not decide on issues within the responsibility of the Supervisory Board.

## HUMAN RESOURCE COMMITTEE SESSIONS

### Article 8

Human Resource Committee sessions shall be convened and presided over by the Human Resource Committee chair. If the Human Resource Committee chair is absent, the session shall be presided over by the member appointed by the Human Resource Committee. In such case, the presiding shall have the same powers, authorizations, and duties as provided for the Human Resource Committee chair.

Only members of the Human Resource Committee may be present at Human Resource Committee sessions. Other persons may only be present subject to prior invitation by the Human Resource Committee.

The Supervisory Board secretary shall be available to the Human Resource Committee during the session, and shall be present upon request by the Human Resource Committee chair, especially when session minutes are compiled.

### Article 9

The Human Resource Committee chair shall convene a Human Resource Committee session at her or his discretion; the Human Resource Committee chair shall convene a session when this is requested by the Supervisory Board or an individual Human Resource Committee member.

If a Human Resource Committee session is not convened within one week from receipt of a request by the Supervisory Board, then the Supervisory Board shall have the right to convene the Human Resource Committee session and propose an agenda.

### Article 10

Human Resource Committee members shall, as a rule, receive the written invitation to the session no less than seven (7) days before the session, and the materials or documentation for the session shall, as a rule, be provided at least two days before the session. The same deadlines shall apply to invitations sent to other invited persons.

### Article 11

The Human Resource Committee shall be deemed to have reached quorum if at least one half of the members are present in the vote.

The Human Resource Committee shall adopt its decisions with a majority of the votes cast. In case of an equal number of votes, the vote of the chair shall be the deciding vote.

## Article 12

No literal records of the progress of Human Resource Committee sessions shall be kept; minutes shall be compiled directly at the session, summarizing all adopted resolutions and opinions provided by the Human Resource Committee for the Supervisory Board.

After they are compiled, the Human Resource Committee session minutes shall be sent for review to the Human Resource Committee members who were present at the session. Only Human Resource Committee members who attended the session may submit any objections or remarks to the minutes, and they may only do so directly at the session. The Human Resource Committee shall decide on any objections or remarks to the session minutes at the session. Approved session minutes shall be authorized by the Human Resource Committee chair.

Human Resource Committee session minutes shall bear the sign BUSINESS SECRET / CONFIDENTIAL.

Only Supervisory Board members and Human Resource Committee shall have the right to view the Human Resource Committee session minutes.

## Article 13

After each Human Resource Committee session, a report on the adopted resolutions and opinions provided by the Human Resource Committee for the Supervisory Board shall be presented orally or in writing to the Supervisory Board at its next session.

## FINAL PROVISION

## Article 14

These Rules of Procedure and any subsequent changes and amendments hereto shall be adopted by the Human Resource Committee with the majority of the votes cast.

Ljubljana, October 24, 2017

Human Resource Committee chair:

Matej Lahovnik