

# **gorenje**

**Gorenje, d.d.**

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With regard to the

**15<sup>th</sup> Shareholders Assembly of the company Gorenje gospodinjski aparati, d. d.,**

scheduled to take place on Thursday, July 15<sup>th</sup> 2010 at 12 a.m. at the **Grand Hall of the Paka Hotel in Velenje, Rudarska Street 1,**

**the Management Board of the company Gorenje, d.d., hereby informs the shareholders on 21 June, 2010 it has received a counterproposal submitted by the shareholder "Vseslovensko združenje malih delničarjev" ("Pan-Slovenian Shareholder Association), hereinafter referred to as VZMD, to the item 5 of the agenda, "Appointment of new Supervisory Board member".**

#### **Counterproposal by the shareholder VZMD**

**to item 5 of the agenda, "Appointment of new Supervisory Board member"**

#### **The shareholder proposes the following resolution:**

"The following Supervisory Board member shall be appointed for a period of four years to represent the interests of the shareholders: Mr. Harald Karner.

The newly appointed Supervisory Board member shall assume their terms on July 19<sup>th</sup> 2010."

#### **Explanation:**

Since 2006, the VZMD has made a constant effort to include in the ten-member Supervisory Board of the company Gorenje, d. d., at least one member representing in an autonomous, professional, and credible way the interests of the minor shareholders, i.e. a member representing this important segment of the company's ownership composition. Ownership structure of Gorenje, d. d., includes over 21,400 minor shareholders whose combined shareholdings amount to nearly 30 percent of all company shares. Despite this fact, appropriate participation in supervision and management of the company has not been made possible to them.

*VZMD Committee for selection of Supervisory Board candidates* responded immediately to the official announcement dated March 8<sup>th</sup> 2010 on the resolution of the nomination

committee to launch the process of preparing the proposal for appointment of Supervisory Board Members for the company Gorenje, d. d. Thus, the *VZMD Committee* unanimously adopted the decision at its 5<sup>th</sup> meeting held on March 16<sup>th</sup> 2010, to propose an indisputable expert with vast experience, and a pioneer in protection of minor shareholder interests, Mr. Harald Karner, for membership in the Supervisory Board of Gorenje, d. d. Mr Karner agrees with his candidacy and he has submitted a written statement declaring there are no circumstances which would, pursuant to the provisions of the Companies Act (ZGD-1-Official Consolidated Text 3), preclude his election and appointment. Members of the Committee selected the said candidate from a pool of over 30 registered competent candidates as particularly suitable, autonomous, skilled, and credible representative of minor shareholders who could appropriately represent this segment of the ownership composition of Gorenje, d.d.

On March 22<sup>nd</sup> 2010, VZMD submitted this proposal to the Supervisory Board of the company Gorenje, d. d., and expressed its hope that "minor shareholders could count on the support by the incumbent Supervisory Board at last this time". Should it be proven otherwise, VZMD – whose representatives have attended the Shareholders Assemblies of Gorenje, d.d., since the 10<sup>th</sup> Assembly (December 12<sup>th</sup> 2006) – would, quite worriedly, wonder what shock, crisis, and massive outburst of shareholders will be enough to spur the enforcement of standards and corporate governance culture related to the rights and interests of Gorenje, d.d., minor shareholders, which are otherwise customary in advanced economies – and of which Slovenia has nonetheless been warned with increasingly severe tone by the representatives of the OECD.

Eventually, VZMD was unpleasantly surprised to learn about the decision of the Gorenje, d.d., Supervisory Board, presented in the convocation of the 14<sup>th</sup> Shareholders Assembly announced on April 26<sup>th</sup> 2010. The five candidates for Supervisory Board members, as proposed by the incumbent Supervisory Board, do not include a "representative" of minor shareholders. Moreover, the VZMD was absolutely appalled to see Mr. Marcel van Assen, Ph.D., whose candidacy was not discussed and approved by neither the Nomination Committee nor the Supervisory Board, appointed for a Supervisory Board member, based on a counterproposal submitted by the shareholder Home Products Europe, B. V., at the said 14<sup>th</sup> Assembly on May 28<sup>th</sup> 2010. In this regard, it is particularly worrying that this proposal was decisively supported by the largest shareholder (25.19 percent), the government-owned Kapitalaska družba, d. d. (Pension Fund Management Corporation, hereinafter referred to as KAD), which is in stark and direct contradiction with the Corporate Governance Code of the very same corporation, i.e. the KAD, as well as with their own declarations on better transparency and professional approach, avowed since the beginning of last year.

However, the inconsiderate and arrogant practice – above all in terms of treatment of minor shareholders and of the minimum standards and culture of corporate governance – goes even further. It is evident from the convocation of the 15<sup>th</sup> Shareholders Assembly of Gorenje, d. d., announced on June 14<sup>th</sup> 2010, and convened for July 15<sup>th</sup> 2010, that the Supervisory Board proposes for appointment yet another Supervisory Board member – Mr. Bernard C. Pasquier – whose candidacy also failed to be discussed and approved by the Nomination Committee, as provided in the KAD's own Corporate Governance Code.

The shareholder – proposing party sees no reason why the company Supervisory Board, despite the share constantly represented by minor shareholders in the company ownership composition, should once again deny minor shareholders their right to representation in the Supervisory Board.

In compliance with the fundamental principles of corporate governance and the principles of the OECD, the proposing party feels that the appointment of a representative of minor shareholders to this company's Supervisory Board is long overdue.

As a part of the counterproposal, the proposing party also submits the following CV of the candidate, which also lists his qualifications and experience.

**HARALD KARNER**, born September 25<sup>th</sup> 1942, B.A. in Economics

Experience: official receiver (bankruptcy manager) since 2000; engaged in the field of protection of minor shareholders and defence from fraudulent takeovers; representative of the UBK Bank Ljubljana for the Celje region; advisor to the Head of Finance and Commerce at Kompas Consulting, Ljubljana; director of "Štajerska banka obrti in podjetništva" (Styria Bank of Crafts and Entrepreneurship); Head of Sales at Aero, chemical, graphical, and paper industry, Celje; various posts at Gorenje, d.d. – operations organizer, head of organization service, assistant to the Director of finance, economics, and organization; assistant to the President and CEO.

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**Position of Gorenje, d.d., Management Board with regard to the counterproposal at hand:**

Pursuant to Article 301 of the Companies Act (ZGD-1), related to Article 300 of the Companies Act (ZGD-1), the proposing party submitted the counterproposal to a proposal (Agenda item) initially submitted / proposed by the Supervisory Board; therefore, Management Board cannot express its position with regard to the counterproposal at hand.

Gorenje, d.d.

The Management Board