

**MATERIALS FOR THE  
28<sup>TH</sup> GENERAL MEETING OF TELEKOM SLOVENIJE D. D.**

Ljubljana, 20 March 2017

**Materials for item 2 of the agenda:**

## **APPOINTMENT OF THE GENERAL MEETING'S BODIES**

Telekom Slovenije d. d.'s Management Board hereby proposes that the General Meeting adopt the following

### **resolution:**

Stojan Zdolšek is hereby appointed chairman of the General Meeting, while a representative of Ixtlan Forum d.o.o. shall be appointed as vote counter.

The General Meeting hereby acknowledges the presence of the notary Bojan Podgoršek at this meeting.

### **Explanation:**

Working bodies, i.e. the chairman of the General Meeting chair and a vote counter, must be elected. In accordance with the applicable legislation, a notary must be present at the General Meeting to record the General Meeting's resolutions in the form of minutes.

President of the Management Board:  
Rudolf Skobe, MSc (signed)

**Materials for item 3 of the agenda:**

**SUPERVISORY BOARD'S WRITTEN REPORT  
ON THE APPROVAL OF ANNUAL REPORT FOR THE 2016 FINANCIAL YEAR**

The General Meeting is hereby briefed on the written report of Supervisory Board on the approval of the annual report for the 2016 financial year.

**Explanation:**

Pursuant to Article 282 of the Companies Act (Official Gazette of the Republic of Slovenia, No. 60/06, with further changes and amendments; hereinafter: the ZGD-1), the Supervisory Board must review the written annual report and the proposal for the use of distributable profit submitted by the Management Board. The Supervisory Board must prepare a written report for the General Meeting explaining how and to what extent it supervised the management of the Company during the financial year. The Supervisory Board must also adopt a position on the auditor's report, which is enclosed to the annual report. At the end of the report, the Supervisory Board must provide any comments it may have after its final review of the report, and indicate whether it approves the annual report.

The Supervisory Board thoroughly reviewed the 2016 annual report of the Telekom Slovenije Group and Telekom Slovenije, d. d. by the required deadline. The Supervisory Board finds that the Telekom Slovenije Group's performance in 2016 was in line with established objectives.

The Supervisory Board was briefed on and discussed the audit report, in which the audit firm KPMG, d.o.o. finds that the financial statements, which are an integral part of the annual report, present a true and fair picture of the financial position of the Company and the Group, and of their operating and financial results and changes in equity. The Supervisory Board had no comments regarding the audit report, nor did it have any remarks or reservations that would prevent the adoption of a decision approving the annual report and consolidated annual report.

Pursuant to the provisions of Article 282 of the Companies Act, the Supervisory Board hereby confirms the annual report of Telekom Slovenije, d. d. and the consolidated annual report of the Telekom Slovenije Group, together with the audit report for 2016.

President of the Supervisory Board:

Borut Jamnik (signed)

Enclosed:  
Report of the Supervisory Board

## REPORT OF THE SUPERVISORY BOARD

Telekom Slovenije's Supervisory Board comprises nine members. The composition of the aforementioned body changed on 13 May 2016, when the General Meeting of Shareholders was briefed on the resignation of Matej Golob Matzele and elected Dimitrij Marjanović to a four-year term of office. I, Borut Jamnik, have served as President, and Adolf Zupan and Dean Žigon have served as my Vice-Presidents of the Supervisory Board since the latter's constitutive session.

The composition of the Supervisory Board is quite diverse in terms of education, work experience and personal traits, which facilitates the effective exchange of opinions at sessions. The work of the Supervisory Board and its committees was professional and focused on the effective performance of their function. The Supervisory Board held 20 sessions in 2016, 12 of which were ordinary sessions, while eight were correspondence sessions. Sessions were held at the Company's registered office, while the assessment of the Supervisory Board's effectiveness was performed outside the Company's business premises.

### Most important topics of sessions of the Supervisory Board in 2016

At its first session in 2016, the Supervisory Board adopted the Company's strategy for the period 2016 to 2020 and reorganised Telekom Slovenije's Management Board. The sitting President of the Management Board Rudolf Skobe was appointed to a new four-year term of office, effective 1 September 2016. Zoran Janko left his position on the Management Board following the expiration of his term of office. The Supervisory Board and Mateja Božič agreed on the latter's recall. The Supervisory Board therefore appointed two new members to the Management Board for a four-year term of office. Aleš Aberšek will be responsible for finance and economics, while Ranko Jelača will be responsible for the market. Both members' terms of office began on 15 March 2016.

The most important topics at sessions of the Supervisory Board for the remainder of 2016 were linked to the monitoring of the ordinary operations of the Company and Group, the supervision of the implementation of Telekom Slovenije's strategy, the management of business risks and the assessment of the Management Board's work.

The efficiency of the Supervisory Board was assessed in October 2016 based on the manual governing the assessment of the efficiency of work of supervisory boards. That assessment was carried out using a self-assessment matrix developed by the Slovenian Directors' Association for conditions in Slovenia. Following analysis and discussion, an action plan was then drawn up to further improve the Supervisory Board's work in the future.

Towards the end of 2016, the Supervisory Board discussed and approved the Company's revised strategy for the period 2017 to 2021, and approved an increase in the capital of TSmedia and the appointment of new management at Antenna TV SL.

The Supervisory Board continuously monitored the existence of potential conflicts of interest between its members. No such circumstances arose in 2016 with respect to Supervisory Board members.

### Work of Supervisory Board committees

The Supervisory Board had five committees in 2016. Those committees discussed topics related to the Supervisory Board's work and advised the latter in important matters. This contributed significantly to improving the work and effectiveness of the Supervisory Board.

In addition to the Audit Committee, HR Committee, Technical Committee and Committee to Monitor Strategic Projects and the Drafting of the Strategic Plan, the Supervisory Board also appointed the Nomination Committee in 2016. The latter was appointed to assist in the drafting of proposed criteria and candidates for membership on the Supervisory Board.

The Supervisory Board continuously monitored the work of its committees and the implementation of their resolutions. As part of the assessment of its own effectiveness, the Supervisory Board gave its committees the highest possible assessment. The work of committees is described in detail in the section Corporate governance in the Business Report section of the annual report.

### Assessment of the work of the Management Board and Supervisory Board

Members are fully liable for the performance of their supervisory function and make their decisions independently. Members prepare themselves adequately for topics discussed at individual sessions, and put forward constructive proposals and comments. Based on written and oral information received from the Management Board, they make decisions in accordance with their respective competences, the Company's acts and legal powers. The Supervisory Board and Management Board have built mutual trust through open dialogue and cooperation.

On the basis of the aforementioned continuous monitoring and supervision of the management of Telekom Slovenije and Group companies during the 2016 financial year and based on the consolidated annual report of the Telekom Slovenije Group for 2016, compiled and submitted by the Management Board, the Supervisory Board assesses that the annual report and disclosures contained therein reflect the actual situation and position of the Telekom Slovenije Group.

The Supervisory Board assesses that the Management Board of Telekom Slovenije successfully managed the Company's transactions during the 2016 financial year and achieved established objectives.

#### **Approval of the annual report and the proposed use of the distributable profit for 2016**

The Supervisory Board thoroughly reviewed the annual report of Telekom Slovenije, d. d. and the Telekom Slovenije Group for 2016 by the legally prescribed deadline. The Supervisory Board finds that the Telekom Slovenije Group operated in accordance with established objectives during the 2016 financial year.

The Supervisory Board was briefed on and discussed the audit report, in which the certified auditors of KPMG, d. o. o. find that the financial statements, which are an integral part of the annual report, present a true and fair picture of the financial position of the Company and the Group, their operating and financial results and changes in equity. The Supervisory Board had no comments or reservations regarding the audit report that would prevent the adoption of a decision to approve the annual report and consolidated annual report.

Pursuant to Article 282 of the Companies Act, the Supervisory Board hereby approves the annual report of Telekom Slovenije, d. d. and the consolidated annual report of the Telekom Slovenije Group, with the accompanying audit report for 2016.

President of the Supervisory Board:

Borut Jamnik (signed)

**Materials for item 4 of the agenda:****PROPOSAL FOR THE USE OF THE DISTRIBUTABLE PROFIT FOR THE 2016 FINANCIAL YEAR AND  
PROPOSAL FOR APPROVAL OF THE WORK OF THE MANAGEMENT BOARD AND SUPERVISORY  
BOARD FOR THE 2016 FINANCIAL YEAR**

The Company's Management Board and Supervisory Board hereby propose that the General Meeting of Telekom Slovenije, d. d. adopt the following:

**resolution:**

4.1 Distributable profit, which amounted to EUR 32,834,996.07 for 2016, shall be used for:

- a. the payment of dividends in the amount of EUR 32,527,390.00 or EUR 5.00 gross per share; and
- b. the remainder in the amount of EUR 307,606.07 shall be brought forward to the following year.

Dividends shall be paid to shareholders and other beneficiaries who were entered in the register of shareholders with the right to dividends on the cut-off date of 19 July 2017, and to other beneficiaries with the right to dividends. Dividends shall be paid on 20 July 2017.

4.2 The General Meeting hereby confers its official approval on the Management Board for its work during the 2016 financial year.

4.3 The General Meeting hereby confers its official approval on the Supervisory Board for its work during the 2016 financial year.

**Explanation:**

Pursuant to Article 293 of the Companies Act (ZGD-1), the General Meeting decides on the allocation of distributable profit based on the proposal of the Company's management and/or supervisory bodies. The General Meeting is bound by the approved annual report in its decision regarding the allocation of distributable profit. The audited annual report for 2016 has been discussed and approved by the Company's Supervisory Board. Dividends shall be paid in accordance with the adopted Strategic Business Plan for the period 2017 to 2021.

Pursuant to the provisions of Article 294 of the Companies Act ZGD-1, the General Meeting shall decide on the use of distributable profit and on the conferral of official approval on the Management Board and Supervisory Board. In accordance with the recommendation of the Corporate Governance Code, voting on the conferral of official approval shall be carried out separately for the Management Board and the Supervisory Board.

Due to the direct inclusion of KDD Centralna klirinško depotna družba, d. d. in the TARGET2-Securities system, Telekom Slovenije, d. d., as the issuer of securities, sets dates for the processing of individual corporate actions in accordance with the uniform European standards on corporate actions. Those dates are presented in the table below:

Fractional entitlement date	18 July 2017
Cut-off date	19 July 2017
Payment processing date	20 July 2017

President of the Management Board:  
Rudolf Skobe, MSc (signed)

President of the Supervisory Board:  
Borut Jamnik (signed)

**Enclosed:**

Annual Report for 2016 of the Telekom Slovenije Group and Telekom Slovenije, d. d.:

<http://www.telekom.si/en/investor-relations/annual-and-interim-reports>

**Materials for item 5 of the agenda:**

**PROPOSAL FOR THE APPOINTMENT OF THE AUDITOR FOR 2017, 2018 and 2019**

The Supervisory Board of Telekom Slovenije, d. d. hereby proposes that the General Meeting of Telekom Slovenije, d. d. adopt the following:

**resolution:**

The General Meeting hereby appoints the audit firm Deloitte Revizija, d.o.o., Dunajska cesta 165, Ljubljana to audit Telekom Slovenije, d. d.'s financial statements for the 2016 financial year.

**Explanation:**

Pursuant to Article 280 of the ZGD-1 and the Auditing Act, and based on the proposal of the Audit Committee, the Supervisory Board hereby proposes that Deloitte Revizija, d.o.o., Dunajska cesta 165, Ljubljana be appointed as auditor.

Pursuant to Article 16(2) of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities, an audit committee shall submit a justified proposal for the appointment of an auditor, unless it concerns the renewal of an audit engagement.

The audit committee of the Supervisory Board of Telekom Slovenije, d.d. sets out below its justification of the appointment of the audit firm Deloitte revizija, d.o.o. as the most favourable tenderer of audit services for the next three years, in accordance with the adopted Guidelines for Ensuring the Independence of the Auditor of the Financial Statements of the Telekom Slovenije Group and pursuant to the adopted Criteria for the Appointment of an Auditor of the Financial Statements of Telekom Slovenije.

In the course of a competitive procedure to appoint a provider of auditing services, the audit firm Deloitte revizija, d.o.o., compiled a high-quality tender with adequate references for the auditing of public-interest entities. The team that will provide the auditing services is structured in a high-quality manner and integrated into all the companies comprising the Telekom Slovenije Group, in particular through the direct presence of an auditing network in Republika Srpska (Blicnet d.o.o. Banja Luka) and Kosovo (IPKO Telecommunications LLC). In addition to certified auditors, the team also includes experts in the field of information technology, valuation and taxes, which is important from the point of view of providing comprehensive audit services for the Telekom Slovenije Group. On the basis of a presentation of the tender at the session of the supervisory board's audit committee held on 13 February 2017, the representatives of the audit firm Deloitte revizija, d.o.o. displayed an extremely good knowledge of the Telekom Slovenije Group and its policies. The tender to provide audit services also includes a pricing aspect assessed as satisfactory by the audit committee, where it should be pointed out that the audit committee gives precedence above all to the provision of auditing services of suitable quality. The appointment of the proposed audit firm also ensures that the high concentration of any audit of the telecommunications market will not fall on the shoulders of a single auditor.

No third party exerted any influence on the proposed appointment for the auditing of the financial statements of Telekom Slovenije, d.d., the Telekom Slovenije Group, individual subsidiaries and other audit assurance services as part of the annual audits for 2017, 2018 and 2019.

The proposal to appoint the auditors has been compiled in accordance with the Guidelines for Ensuring the Independence of the Auditor of the Financial Statements of the Telekom Slovenije Group. No contractual undertaking was adopted that would have restricted the choice of invited tenderers.

President of the Supervisory Board:  
Borut Jamnik (signed)

**Materials for item 6 of the agenda:**

**INFORMATION REGARDING THE EXPIRY OF THE TERM OF OFFICE OF  
SUPERVISORY BOARD MEMBERS**

The Supervisory Board hereby proposes that the General Meeting of Telekom Slovenije, d. d. adopt the following  
**resolution:**

Proposed resolution:

The General Meeting is hereby informed that the terms of office of Telekom Slovenije Supervisory Board members Borut Jamnik, Adolf Zupan, MSc, Marko Hočevár, PhD, Tomaž Berložnik, MSc, and Bernarda Babič, MSc will expire on 27 April 2017.

**Explanation:**

On 6 February 2013, the General Meeting appointed shareholder representatives to the Supervisory Board with a term of office beginning on 27 April 2013. Due to the resignation of Matej Golob Matzele from his position as member of the Supervisory Board, Dimitrij Marjanović was appointed to a four-year term of office as member of the Supervisory Board at the 27th general meeting on 13 May 2016, effective 13 May 2016.

The terms of office of Supervisory Board members Borut Jamnik, Adolf Zupan, MSc, Marko Hočevár, PhD, Tomaž Berložnik, MSc, and Bernarda Babič, MSc will expire on 27 April 2017.

President of the Supervisory Board:  
Borut Jamnik (signed)



**Materials for item 7 of the agenda:**

## **APPOINTMENT OF MEMBERS TO THE COMPANY'S SUPERVISORY BOARD**

The Company's Supervisory Board hereby proposes that the General Meeting of Telekom Slovenije, d. d. adopt the following:

### **resolution:**

- 7.1 The General Meeting hereby appoints Bernarda Babič to a term of office as a member of the Supervisory Board and shareholder representative for a period four (4) years, effective 27 April 2017.
- 7.2 The General Meeting hereby appoints Borut Jamnik to a term of office as a member of the Supervisory Board and shareholder representative for a period four (4) years, effective 27 April 2017.
- 7.3 The General Meeting hereby appoints Tomislav Kalan to a term of office as a member of the Supervisory Board and shareholder representative for a period four (4) years, effective 27 April 2017.
- 7.4 The General Meeting hereby appoints Uroš Mesojedec to a term of office as a member of the Supervisory Board and shareholder representative for a period four (4) years, effective 27 April 2017.
- 7.5 The General Meeting hereby appoints Rok Rozman to a term of office as a member of the Supervisory Board and shareholder representative for a period four (4) years, effective 27 April 2017.

### **Explanation:**

Pursuant to the provisions of Article 26 of the Articles of Association of Telekom Slovenije, d. d., the Supervisory Board comprises nine members, six of whom are shareholder representatives. On 6 February 2013, the General Meeting appointed shareholder representatives to the Supervisory Board with a four-year term of office beginning on 27 April 2013.

In accordance with best practices and the highest standards of corporate governance and based on procedures for recording, nominating and assessing candidates for members of the Supervisory Board, which were conducted by the latter's Nomination Committee, Telekom Slovenije's Supervisory Board hereby proposes that the Company's General Meeting appoint the following five candidates to serve as members of the Supervisory Board, with terms of office beginning on 27 April 2017:

- Bernarda Babič,
- Borut Jamnik,
- Tomislav Kalan,
- Uroš Mesojedec, and
- Rok Rozman.

The Supervisory Board hereby provides a detailed description of the procedures for selecting candidates to serve as members of the Supervisory Board, for assessing candidates and their credentials, and for nominating and presenting candidates.

Due to the expiry of the terms of office of five members (shareholder representatives) of the Supervisory Board, the latter called on the Company's four largest shareholders to submit proposals for candidates to serve as members of the Supervisory Board. The Supervisory Board's Nomination Committee received 19 proposals and/or

applications for candidacy. During procedures, one candidate withdrew their candidacy, while the Supervisory Board's Nomination Committee conducted structured interviews with the remaining candidates.

In assessing potential candidates, the Nomination Committee took into account the competence profile of members of Telekom Slovenije's Supervisory Board, which the latter drew up in July 2016, as well as the needs and specific nature of the Company. The committee ranked candidates who met the required legal, statutory and other requirements according to areas of competence, as follows: corporate governance and legal knowledge, finance, technology, knowledge of the operations of telecommunication operators and information technology, sales and marketing. In this way, it followed the principles that the Supervisory Board should have a heterogeneous composition and that its members should complement each other in terms of knowledge and competences. Based on an assessment of:

- documentation;
- interviews;
- the specific nature of the professional qualifications and competences required to serve as member of the Supervisory Board (also with regard to the recommendations of the Corporate Governance Code);
- independence in accordance with the applicable legislation, the Corporate Governance Code and the Corporate Governance Code for Companies with Capital Assets of the State; and
- the abilities of a specific candidate with respect to compliance with and the development of best practices in the area of corporate governance,

the Supervisory Board's Nomination Committee nominated five potential candidates for appointment as members of the Supervisory Board at the Company's General Meeting. It also provided the Supervisory Board its recommendations as to which areas of competence a specific proposed candidate's knowledge and competences are best suited, as follows:

- corporate governance and legal matters: Rok Rozman;
- finance: Bernarda Babič;
- technology and knowledge of the operations of telecommunication operators and information technology: Borut Jamnik and Tomislav Kalan; and
- sales and marketing: Uroš Mesojedec.

Each of the proposed candidates submitted:

- written consent to their candidacy,
- a written statement that there are no other circumstances that would prevent their appointment under the provisions of the ZGD-1, and
- a written statement of independence.

Presentation of proposed candidates:

**Bernarda Babič** holds a bachelor's degree in economics and a master's degree in business policy and organisation (Faculty of Economics and Business at the University of Maribor). Her work experience relates to the areas of banking and finance, risk management and supervision. She began her business career at Banka Celje, d. d., where she worked in several areas, lastly as Assistant to the Director of the Financial Markets Sector. She was appointed member of the Management Board of Perspektiva, d. d. in 2007. She has been employed by Slovenske železnice, d. o. o. since 2015, where she is currently Assistant to the Managing Director.

She has served as a member of the supervisory boards of several companies. She is a member of the Supervisory Board and the chairperson of the Audit Committee of Telekom Slovenije, d. d.'s Supervisory Board. She is also Vice President of the Supervisory Board of Terme Olimia, d. d. and a member of the Supervisory Board of Deželna banka Slovenije, d. d. (a function from which she recently resigned).

**Borut Jamnik** holds a bachelor's degree in mathematical engineering (Faculty of Natural Sciences and Engineering at the University of Ljubljana). His business experience relates to the management and supervision of companies, and the settlement of stakeholder disputes as they relate to corporate governance. During his business career, he has implemented numerous projects and been involved in the transformation and rehabilitation of companies. He has served as the President of Modra zavarovalnica, d. d.'s Management Board since 2011.

He has served as a member of the supervisory boards of several companies, and is currently the President of the Supervisory Board of Telekom Slovenije, d. d. and Cinkarna Celje, d. d.

**Tomislav Kalan** holds bachelor's degree in electrical engineering (Faculty of Electrical Engineering at the University of Ljubljana). His work experience relates to the design and organisation of the construction of cable networks, and

to the management of maintenance works. From 1995 to 2000, he served as Technical Director at Produkcija Proplus, d. o. o., where he managed the project to build the TV station POP TV and later Kanal A, before managing investments and the continued development of the TV station. He has been Director of Kalan Teleconsult, d. o. o. since 2001 and served as Technical Director for POP TV from 2008, before providing consultancy services and managing real estate investments.

**Uroš Mesojedec** holds a bachelor's degree in economics (Faculty of Economics at the University of Ljubljana). His work experience relates to the area of sales and marketing. From 2008 to 2010, he managed the retail sector and then the wholesale sector at Delo Prodaja, d. d. He took over the wholesale sector at Petrol, d. d. in 2013 and a year later was promoted to Sales Director, a function he still performs today. During that time, he managed the merger of all the aforementioned company's sales channels, the establishment of the revenue side of the call centre, the online store, and the reorganisation of all areas and the establishment of a new sales standard. He is a member of Petrol Hrvaška, d. o. o.'s Supervisory Board.

**Rok Rozman** holds a doctorate in law (Faculty of Law at the University of Ljubljana) and has passed the state bar exam. He began his career at Ilirika borzno posredniška hiša, d. d., where he was head of the Legal Affairs and Human Resources Department from 2001 to 2004, before becoming Director of the Legal and Commercial Sector. He has served as the Director of the Legal Office and as a procurator at UniCredit Banka Slovenija, d. d. since 2008. His responsibilities include the management of strategic projects aimed at the optimisation of operations, the development of new services and adaptations to new regulatory requirements, and the coordination of the most demanding restructuring processes for clients in financial distress and to whom the bank is highly exposed in terms of loans.

He served as Vice President of Mercator, d. d.'s Supervisory Board during that company's business and financial restructuring (2012 to 2014). During that time he was also a member of the Audit Committee and the chairman of the Human Resource Committee of the aforementioned Supervisory Board.

The Supervisory Board has thoroughly and carefully studied the proposals, recommendations and findings of the Nomination Committee. To that end, it also verified the independence of the proposed candidates, in terms of the definition of independence set out in the Corporate Governance Code for Companies with Capital Assets of the State. It found that the selection of candidates to serve as members of the Supervisory Board was carried out in accordance with the definition set out in the aforementioned code.

The Supervisory Board approved the shortlist of candidates proposed by the Nomination Committee, and thus submits the names of those proposed candidates to the General Meeting for voting.

Given their expertise, experience, competences and skills, the Supervisory Board believes that the proposed candidates will perform their function as members of the Supervisory Board successfully and in a high-quality manner.

President of the Supervisory Board  
Borut Jamnik (signed)

**Materials for item 8 of the agenda:**

**INFORMATION REGARDING THE RULES GOVERNING THE OTHER RIGHTS OF MEMBERS OF THE  
MANAGEMENT BOARD**

The Company's Supervisory Board proposes that the General Meeting of Telekom Slovenije, d. d. adopt the following:

**resolution:**

The General Meeting is hereby briefed on the Rules Governing the Other Rights of Members of the Management Board.

**Explanation:**

Article 6 of the Act Governing the Earnings of Management Staff at Companies under the Majority Ownership of the Republic of Slovenia and Self-Governing Local Communities (Official Gazette of the Republic of Slovenia, No. 21/10) tasks the supervisory body with defining rules that set out the other rights of management staff (e.g. the use of company cars and credit cards, preventive medical examinations, the payment of social, health and other types of insurance, supplementary education and training, and entertainment costs) in employment contracts. In accordance with the aforementioned act, the Supervisory Board hereby briefs the General Meeting on those rules.

At its 52nd meeting held on 20 March 2017, the Supervisory Board adopted a change to the Rules Governing the Other Rights of Members of the Management Board, which it initially adopted on 8 April 2015. The Supervisory Board briefed the General Meeting on the rules on 15 May 2015. The change to the rules relates to point 6, which defines the right to receive an annual premium for personal insurance in the amount of one monthly basic salary, based on the relevant employment contract, in proportion to the duration of their employment as a member of the Management Board during an individual calendar year.

President of the Supervisory Board  
Borut Jamnik (signed)