



**Material for the 26th regular General Meeting of
Shareholders of the ISTRABENZ Holding company, d.d.**

April 2017

INFORMATION FOR THE SHAREHOLDERS

1. Total number of shares and voting rights as of the day of the convocation of the General Meeting of Shareholders;

As of the day of the convocation of the General Meeting of Shareholders, the Company holds 5,180,000 ordinary registered no-par-value shares. As provided by law, each share grants to its holder one vote at the General Meeting of Shareholders. As of the day of convocation of the General Meeting of Shareholders, the Istrabenz Holding Company holds 978 own shares with no voting rights.

2. Information on additional items of the agenda;

Shareholders whose total interest accounts for one-twentieth of the subscribed capital may request in writing that an additional item be placed on the agenda. The request must be accompanied in writing by a proposed resolution to be decided upon by the General Meeting of Shareholders or, if the General Meeting of Shareholders will not adopt a resolution on an individual agenda item, an explanation of that item. The request must be sent to the Company within seven days at the latest following the publication of the convocation of the General Meeting of Shareholders.

In line with paragraph 3, Article 298 of the Companies Act (ZGD-1), the Management Board will publish those additional agenda items whose publishing has been requested within seven days at the latest following the publication of this notice to convene the General Meeting of Shareholders.

The shareholders may submit their request to place additional items on the agenda also via e-mail to info@istrabenz.si. The requests to place an additional item on the agenda, sent to the Company via e-mail, have to be scanned, submitted in attachment form and must contain the personal signature of the natural person or, in case of legal persons, the personal signature of the representative and the seal/stamp of that legal person, if applied. The Company has the right to prove the identity of the shareholder or the party that authorised the submitting of the request or the proposal via e-mail, and to verify the authenticity of the signature.

The additional item of the agenda shall be dealt with at the General Meeting of Shareholders only if published in the same manner as the notice of convening the General Meeting of Shareholders, i.e. at least 14 days prior to the meeting. In the opposite case, the additional item of the agenda shall be dealt with at the first subsequent General Meeting of Shareholders. The Management Board shall publish the consolidated version of the agenda in the same manner and within the same period of time as this notice to convene the General Meeting of Shareholders.

3. Information on shareholders' resolution proposals;

Shareholders may submit resolution proposals (i.e. counter proposals) with respect to each item of the agenda. The Management Board shall publish the resolution proposal of a shareholder only if such proposal is sent to the Company within 7 (seven) days from the notice to convene the General Meeting of Shareholders. Such a proposal shall be reasonably argued and the shareholder shall give notification that he will oppose the proposal of the Management Board or the Supervisory Board at the General Meeting of Shareholders, and that he will prevail upon other shareholders to vote for his proposal. The shareholder is not obliged to justify the electoral proposal.

Shareholders may send their resolution proposals and electoral proposal also by e-mail to the following address: info@istrabenz.si. Resolution proposals or electoral proposals to be submitted by e-mail shall be sent in a scanned form, as attachment, and must contain a personal signature of a natural person or, in the case of a legal entity, a personal signature of a representative and a

stamp/seal, if used by such legal entity. The Company is entitled to verify the identity of the shareholder or a person who submits a request or proposal by e-mail, as well as the authenticity of their signatures.

The Management Board shall not publish a shareholder's counter proposal and the justification of it:

- if the publication of the counter proposal would constitute a criminal offence or an economic infringement;
- if the counter proposal would lead to a resolution by the General Meeting of Shareholders that would be in violation of the law or the Articles of Association;
- if the justification of the counter proposal in points of substance contains clearly incorrect or misleading information or insults;
- if a shareholder's counter proposal containing the same content has already been reported to the General Meeting of Shareholders of the Company;
- if during the last five years the same shareholder's counter proposal containing essentially the same justification has already been reported to at least two general meetings of the company and less than one-twentieth of the subscribed capital represented at the General Meeting of Shareholders voted in favour of it;
- if the shareholder makes it known that he will not attend the General Meeting of Shareholders and has not made arrangements to be represented, or
- if during the last two years the shareholder has not presented a counter proposal to the General Meeting of Shareholders which he has reported or has not had it presented.

The justification for a counter proposal need not be reported by the Management Board if it contains more than 3000 characters. The Management Board may report in summary the counter proposals and their justification of several shareholders on the same subject.

The proposals of the shareholders that have not been sent to the Company within 7 (seven) days of the notice of convening the General Meeting of Shareholders and have been submitted no later than at the General Meeting of Shareholders itself, shall be discussed at the General Meeting of Shareholders.

4. Information on shareholder's right to be informed;

At the General Meeting of Shareholders, the Management Board must give the shareholders reliable information on matters concerning the Company where it is important for an assessment of the agenda. The questions of the shareholders with the same content may be answered by the Management Board with one joint answer. The Management Board must give the shareholders also the information in respect of the Company's legal and business relations with affiliated companies where it is important for an assessment of the agenda.

Irrespective of all stated above, the Management Board shall not be obliged to provide data:

- if reasonable business judgement suggests that the provision of information could cause damage to the Company or an affiliated Company;
- on the method of compiling the balance sheet and on making estimates, if stating these methods in a supplement is sufficient for an assessment of the property and the financial and profit position of the Company which conforms with the actual circumstances; or
- if disclosure of the information would constitute a criminal offence or an economic infringement or would be in breach of good business practices;
- if the information is published in form of questions and answers on the Company's web page at least seven days prior to the session of the General Meeting of Shareholders.

If a shareholder is given information outside a session of the General Meeting of Shareholders, that information must be passed on to every other shareholder upon request even if it is not necessary for an assessment of an item on the agenda.

If a shareholder is not given the requested information at the General Meeting of Shareholders, he may require that his/her question and the reason why the information was refused be entered in the record.

5. Conditions for participation at the General Meeting of Shareholders and the exercising of voting rights;

Only those shareholders who have registered for the General Meeting of Shareholders and whose application has been received by the Management Board at least by the end of the fourth day prior to the meeting, i.e. by 25 May 2017 inclusive, and who are entered as holders of the shares in the Central Book-Entry Securities Register as of the end of 25 May 2017, shall be entitled to participate and exercise their voting rights at the General Meeting of Shareholders. The application, i.e. "Registration of participation" form, shall be sent by post to the following address: Istrabenz, d.d., Secretariat of the Management Board, Cesta Zore Perello-Godina 2, Koper. Applications cannot be sent through electronic media. The Company will consider valid only the registration forms undersigned with original signatures of the shareholders or their proxies. The registration forms are available on the Company's website and shareholders can obtain them free of charge from the Secretariat of the Management Board of the Company in Koper, Cesta Zore Perello Godina 2, every working day from 9 a.m. to 12 a.m., from the day the notice of convening the General Meeting of Shareholders is published up until and including the day it is held.

Each shareholder entitled to participate at the General Meeting of Shareholders has the right to authorise a natural or legal person to exercise the voting right on his/her behalf. The written authorisation must be sent to the Company and shall be kept by the Company. The registration form for exercising the voting right through an authorised representative is available on the Company's website and can also be obtained free of charge at the Secretariat of the Management Board of the Company in Koper, Cesta Zore Perello Godina 2, every working day from 9 a.m. to 12 a.m., from the day the notice of convening the General Meeting of Shareholders is published up until and including the day it is held (in such a case, the shareholder has to announce his arrival to the Secretariat). The shareholders can send the authorisation to the Company also by e-mail, to the e-mail address info@istrabenz.si. The authorisation which is sent via e-mail has to be in a scanned form as attachment, and must contain a personal signature of the natural person, or, in the case of legal entity, a personal signature of a representative and a stamp/seal if used by such a legal entity. The Company is entitled to verify the identity of a shareholder or a person who submits the power of attorney by e-mail, as well as the authenticity of their signatures. A shareholder is entitled to revoke the power of attorney as when submitting it, at any time before the day of the General Meeting of Shareholders.

Upon request, shareholders and/or their representatives must produce a personal identity document and written representation; a statutory representative must also produce an Extract from the Companies' Register.

The shareholders are kindly asked to come to the General Meeting of Shareholders an hour prior to the commencement of the meeting so that a record of their attendance may be established and preparation for voting carried out.



To the General Meeting of Shareholders of
the ISTRABENZ Holding Company, d.d.

ITEM 1 OF THE AGENDA
FOR THE 26th REGULAR GENERAL MEETING OF
SHAREHOLDERS

**OPENING OF THE GENERAL MEETING OF SHAREHOLDERS AND THE ELECTION OF ITS
WORKING BODIES**

The Management Board hereby proposes to the General Meeting of Shareholders to adopt the following resolution:

The following are elected:

- **Chairman of the General Meeting of Shareholders: Stojan Zdolšek;**
- **the Credentials Committee, composed of:**
 - **Chairman: Robert Ernestl,**
 - **Vote Counters: Klavdija Primožič, Sonja Long.**

The meeting will be attended by the invited notary public Mojca Tavčar Pasar.

Arguments for the proposal:

The Management Board is authorised and responsible for proposing to the General Meeting of Shareholders the appointment of the General Meeting's bodies, i.e. the Chairman of the General Meeting of Shareholders and two vote counters, and to provide that the General Meeting of Shareholders is attended by a notary public.

Andrej Laznik
President of the Management Board
of the ISTRABENZ Holding Company, d.d.

To the General Meeting of Shareholders of
the ISTRABENZ Holding Company, d.d.

ITEM 2 OF THE AGENDA
FOR THE 26th REGULAR GENERAL MEETING OF
SHAREHOLDERS

PRESENTATION OF THE ANNUAL REPORT OF THE ISTRABENZ HOLDING COMPANY, D.D. AND THE ISTRABENZ GROUP FOR 2016 WITH AUDITOR'S OPINIONS AND THE WRITTEN REPORT OF THE SUPERVISORY BOARD ON THE EXAMINATION AND APPROVAL OF THE ANNUAL REPORT, INFORMATION ON THE REMUNERATION OF THE MANAGEMENT- AND SUPERVISORY BOARD AND GRANTING OF DISCHARGE FROM LIABILITY

The Management Board and the Supervisory Board hereby propose to the General Meeting of Shareholders to adopt the following resolution:

- a) **The General Meeting of Shareholders grants discharge from liability to the Company's Management Board composed of Andrej Laznik as President and Desanka Katić as Member, for the period from 1 January 2016 to 29 February 2016.**
- b) **The General Meeting of Shareholders grants discharge from liability to the Company's Management Board composed of Andrej Laznik as President and Karmen Kozlovič as Member, for the period from 1 March 2016 to 15 August 2016.**
- c) **The General Meeting of Shareholders grants discharge from liability to the Company's Management Board composed of Andrej Laznik as President for the period from 16 August 2016 to 31 December 2016.**
- d) **The General Meeting of Shareholders grants discharge from liability to the Company's Supervisory Board composed of Milan Marinič, Janko Gedrih and Denis Tavčar, MSc., for the period from 1 January 2016 to 29 February 2016.**
- e) **The General Meeting of Shareholders grants discharge from liability to the Company's Supervisory Board composed of Milan Marinič, Denis Tavčar, MSc., Janko Gedrih and Desanka Katić for the period from 1 March 2016 to 31 December 2016.**

Arguments for the proposal

Pursuant to Article 294 of the Companies Act (ZGD-1), the General Meeting of Shareholders shall decide on the granting of a discharge from liability to the members of the Company's Management

Board and Supervisory board. According to legal provisions, during the discussion on the granting of a discharge, the Management Board shall present to the General Meeting also the Annual Report and the Supervisory Board's report on their approval of the Annual Report. The above stated Article also determines that the Management Board shall inform the General Meeting on the remuneration received by members of the management and supervisory bodies for their work in the Company and in Company's subsidiaries in the last financial year. This information shall be disclosed also in the notes to financial statements.

Taking into account the above-mentioned, the General Meeting will discuss and present, in the scope of the same agenda item and before discussing and deciding on the granting of a discharge, the Annual Report for 2016 and the Supervisory Board's report on their approval of the Annual Report for 2016. The Management Board will inform the General Meeting on the remuneration received by the members of the management and supervisory bodies for their work in the Company in the financial year 2016. As the above-mentioned subjects are related, it is reasonable to discuss them at the same time.

Accumulated loss of the ISTRABENZ Holding Company, d.d. for the financial year 2016 totals 105,462,472.54 euros and consists of 12,521,585.13 euros of net profit of the financial year 2016 and of uncovered loss from previous years amounting to 117,984,057.67 euros. Pursuant to Article 230 of the Companies Act (ZGD-1), the Company's Management Board allocated the profit generated in the financial year 2016 for covering of the loss carried forward.

By the resolution proposal regarding the granting of a discharge from liability, it is proposed to the General Meeting to confirm and approve the work of the Management Board and the Supervisory Board in the financial year 2016. Pursuant to the recommendation of the Corporate Governance Code for Joint Stock Companies, this proposal shall be voted on separately for the Management Board and the Supervisory Board.

From 1 January 2016 to 29 February 2016, the Company was managed by the Management Board composed of Andrej Laznik as President and Desanka Katić as Member of the Management Board. From 1 March 2016 to 15 August 2016, the Company's Management board was formed by Andrej Laznik as President and Karmen Kozlovič as Member of the Management Board. Since 16 August 2016, the Company was managed by the Management Board consisting of one member, namely of Andrej Laznik in his capacity as President of the Management Board.

In the business year 2016, the Company's Supervisory Board was formed by:

- Milan Marinič as President,
- Desanka Katić as Deputy President since 1 March 2016,
- Janko Gedrih as Member and Deputy President, and by
- Denis Tavčar, MSc. as Member.

Andrej Laznik
President of the Management Board
of the ISTRABENZ Holding Company, d.d.

Milan Marinič
President of the Supervisory Board
of the ISTRABENZ Holding Company, d.d.

Attachments to the item 2 of the agenda:

- Annual Report of the ISTRABENZ Holding Company, d.d. and the ISTRABENZ GROUP for 2016, together with the Report of the Supervisory Board for 2016 is available at the link <http://www.istrabenz.si/eng/investors/annualandinterimreports>



**To the General Meeting of Shareholders of
the ISTRABENZ Holding Company, d.d.**

**ITEM 3 OF THE AGENDA
FOR THE 26th REGULAR GENERAL MEETING OF
SHAREHOLDERS**

APPOINTMENT OF THE COMPANY'S AUDITOR FOR THE FINANCIAL YEAR 2017

The Supervisory Board hereby proposes to the General Meeting of Shareholders to adopt the following resolution:

The General Meeting of Shareholders appoints the auditing company Deloitte revizija d.o.o., Dunajska cesta 165, Ljubljana as auditor of the Company for the financial year 2017.

Arguments for the proposal

In 2017, the company ISTRABENZ, d.d. invited the company Deloitte revizija d.o.o., Dunajska cesta 165, Ljubljana to submit its bid for the auditing of the financial statements for 2017.

The audit company Deloitte revizija, d.o.o. audited the individual- and the group financial statements of the company ISTRABENZ, d.d. already for the financial years 2014, 2015 and 2016.

The company Deloitte was established in Slovenia in 1993 and has a reputation of the leading company in the segment of auditing and consulting services in the country. It is a member of the international Deloitte Group which boasts an experienced team of experts specialised in the audit of companies operating in the tourism-, energy- and IT sector.

Among the company's larger clients in Slovenia are Sava Group, Gorenje Group, Mercator Group, OMV, Petrol d.d., Luka Koper, HSE Group, Lek d.d. and others.

According to the recommendation 25.3 of the new Slovene Corporate Governance Code for Public Companies, which was adopted on 27 October 2016 and came into force on 1 January 2017, it is recommended that the company changes its auditing company at least every seven years.

Taking into account the above-mentioned, we are of the opinion that the proposal to appoint the auditing company Deloitte revizija d.o.o., Dunajska cesta 165, Ljubljana as auditor of the financial statements of the ISTRABENZ Holding Company, d.d. is well-grounded.

Milan Marinič
President of the Supervisory Board
of the ISTRABENZ Holding Company, d.d.



**To the General Meeting of Shareholders of
the ISTRABENZ Holding Company, d.d.**

**ITEM 4 OF THE AGENDA
FOR THE 26th REGULAR GENERAL MEETING OF
SHAREHOLDERS**

CHANGES AND AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Management Board and the Supervisory Board hereby propose to the General Meeting of Shareholders to adopt the following resolution:

The introduction to the Articles of Association shall be amended so that the wording "82/2013 and 55/2015" shall be replaced by the wording "82/2013, 55/2015 and 15/2017", and the wording "and 14/06/2012 (fourteenth of June two thousand and twelve) and 27/05/2016 (twenty seventh of May two thousand and sixteen)" stated at the end of the introduction shall be changed and amended, and it shall from now on read "14/06/2012 (fourteenth of June two thousand and twelve), 27/05/2016 (twenty seventh of May two thousand and sixteen) and 29/05/2017 (twenty ninth of May two thousand and seventeen".

The provision 1.3. (one point three point) of the Company's Articles of Association shall be amended and shall from now on read:

"1.3. (one point three point) The registered office of the Company shall be: PORTOROŽ

These changes and amendments to the Articles of Association shall start applying upon their entry in the Business Register.

Arguments for the proposal

The changes and amendments made in the introduction to the Articles of Association are of editorial nature. Basically, they state the date of the General Meeting of Shareholders when the wording of the Articles of Association was last amended and they indicate the amendments of the law.

The proposal of the Company's Management Board and Supervisory Board concerning the amendment of the item 1.3. of the Articles of Association which refers to the Company's registered office, is a

consequence of the disposal of the business premises owned by the Istrabenz Holding Company where the Company's registered office was located.

Andrej Laznik
President of the Management Board
of ISTRABENZ Holding Company, d.d.

Milan Marinič
President of the Supervisory Board
of ISTRABENZ Holding Company, d.d.

Attachment to item 4 of the agenda:

- Consolidated text of the Company's Articles of Association;

In compliance with the Ownership Transformation of Companies Act (Official Gazette of the Republic of Slovenia, nos. 55/92, 7/93 and 31/93), the Companies Act (Official Gazette of the Republic of Slovenia, nos. 30/93, 29/94, 82/94, 20/98, 84/98, 6/99, 45/01 and 57/04), the Companies Act-1 (Official Gazette of the Republic of Slovenia, nos. 42/06, 60/06, 26/07, 33/07, 67/07, 10/08, 68/08 and 42/09, 33/2011, 91/2011, 100/2011, 32/2012, 57/2012, 44/2013, 82/2013, 55/2015 and 15/2017) and other statutory and primary and secondary legislation as well as on the basis of the Ownership Restructuring Programme, the General Meeting of Shareholders of the company ISTRABENZ, trgovsko podjetje z naftnimi derivati in plini d.d., Koper, presently the public limited company ISTRABENZ, holdinška družba, d.d., on 28/06/1996 (twenty eighth of June nineteen ninety-six), on 10/07/1996 (tenth of July nineteen ninety-six) and on the basis of the General Meeting of Shareholders' resolutions of 30/05/1997 (thirtieth of May nineteen ninety-seven), 30/06/1998 (thirtieth of June nineteen ninety-eight), 01/07/1999 (first of July nineteen ninety-nine), 28/06/2000 (twenty eight of June two thousand), 30/05/2001 (thirtieth of May two thousand and one), 31/05/2002 (thirty first of May two thousand and two), 30/05/2003 (thirtieth of May two thousand and three), 27/08/2004 (twenty seventh of August two thousand and four), 27/05/2005 (twenty seventh of May two thousand and five), 28/08/2006 (twenty eight of August two thousand and six), 27/05/2010 (twenty seventh of May two thousand and ten), 14/06/2012 (fourteenth of June two thousand and twelve), 27/05/2016 (twenty seventh of May two thousand and sixteen) and 29/05/2017 (twenty ninth of May two thousand and seventeen), adopted the following changes and amendments to the Articles of Association, so that from now on their wording shall be as follows:

ARTICLES OF ASSOCIATION
OF THE PUBLIC LIMITED COMPANY
ISTRABENZ,
HOLDIŃŠKA DRUŹBA, D.D.
(Consolidated text)

1.0. (one point zero point) COMPANY NAME AND REGISTERED OFFICE

1.1. (one point one point) The name of the Company shall be: ISTRABENZ, holdinška družba, d.d.

1.2. (one point two point) The abbreviated name of the Company shall be: ISTRABENZ d.d.

1.3. (one point three point) The registered office of the Company shall be: PORTOROŹ.

1.4. (one point four point) The Company's business address at the location of the Company's registered office may be defined or changed by the Management Board, with the consent of the Supervisory Board of the Company.

2.0. (two point zero point) BUSINESS ACTIVITY OF THE COMPANY

The business activity of the company shall be:

- 02.400 Support services to forestry
- 33.120 Repair of machinery
- 35.130 Distribution of electricity
- 35.140 Trade of electricity
- 35.210 Manufacture of gas
- 35.220 Distribution of gaseous fuels through mains
- 35.230 Trade of gas through mains
- 41.100 Development of building projects
- 42.110 Construction of roads and motorways
- 42.120 Construction of railways and underground railways
- 42.130 Construction of bridges and tunnels
- 42.210 Construction of utility projects for fluids
- 42.220 Construction of utility projects for electricity and telecommunications
- 42.910 Construction of water projects
- 42.990 Construction of other civil engineering projects n.e.c.
- 46.120 Agents involved in the sale of fuels, ores, metals and industrial chemicals
- 46.710 Wholesale of solid, liquid and gaseous fuels and related products
- 55.100 Hotels and similar accommodation
- 55.201 Children and other holiday homes
- 55.202 Tourist farm houses with lodging
- 55.203 Letting of private tourist rooms
- 55.204 Mountain refuges and youth hostels
- 55.209 Other short-stay accommodation
- 55.300 Camping grounds, recreational vehicle parks and trailer parks
- 55.900 Other accommodation
- 56.101 Restaurants and inns
- 56.102 Snack bars and similar
- 56.103 Sweetshops and coffee-houses
- 56.104 Provisory food-serving stands
- 56.105 Tourist farm houses without lodging
- 56.210 Event catering activities
- 56.290 Other food service activities
- 56.300 Beverage serving activities
- 58.110 Book publishing
- 58.120 Publishing of directories and mailing lists
- 58.130 Publishing of newspapers

58.140 Publishing of journals and periodicals
58.190 Other publishing activities
58.210 Publishing of computer games
58.290 Other software publishing
59.200 Sound recording and music publishing activities
60.100 Radio broadcasting
60.200 Television programming and broadcasting activities
62.010 Computer programming activities
62.020 Computer consultancy activities
62.030 Computer facilities management activities
62.090 Other information technology and computer service activities
63.110 Data processing, hosting and related activities
63.120 Web portals
63.990 Other information service activities n.e.c.
64.200 Activities of holding companies
64.910 Financial leasing
64.920 Other credit granting
64.990 Other financial service activities, except insurance and pension funding n.e.c.
66.120 Security and commodity contracts brokerage
66.190 Other activities auxiliary to financial services, except insurance and pension funding
68.100 Buying and selling of own real estate
68.200 Renting and operating of own or leased real estate
68.310 Real estate agencies
68.320 Management of real estate on a fee or contract basis
69.103 Other legal activities
69.200 Accounting, bookkeeping and auditing activities; tax consultancy
70.100 Activities of head offices
70.210 Public relation and communication activities
70.220 Business and other management consultancy activities
73.120 Media representation
73.200 Market research and public opinion polling
74.100 Specialised design activities
74.900 Other professional, scientific and technical activities n.e.c.
77.400 Leasing of intellectual property and similar products, except copyrighted works
81.100 Combined facilities support activities
82.300 Organisation of conventions and trade shows
82.910 Activities of collection agencies and credit bureaus
82.990 Other business support service activities n.e.c.
85.600 Educational support activities

93.291 Operation of marinas
93.292 Operation of ski hills
93.299 Other amusement and recreation activities n.e.c.
95.110 Repair of computers and peripheral equipment

In addition to the registered activity the Company shall also perform other activities which are prerequisite for its existence and the performance of the registered activity. The Management Board of the Company shall adopt decisions on amendments and supplements to the registered activity so as to ensure compliance with the regulations or requirements of the inspection authorities.

3.0. (three point zero point) SHARE CAPITAL

3.1. (three point one point) The share capital of the Company shall amount to EUR 21,615,756.97 and shall be divided into 5,180,000 ordinary registered freely transferable no-par value shares. To each no-par value share shall be assigned the same portion and the same amount of the share capital.

Ordinary shares shall grant the holder:

- the right to participate in management of the Company;
- the right to part of the profit (dividend);
- the right to a corresponding part of the remaining assets after the liquidation or bankruptcy of the Company.

3.2. (three point two point) All shares shall belong to one class.

3.3. (three point three point) All shares shall be fully paid.

3.4. (three point four point) The Company shall keep its Share Register with the Central Securities Clearing Corporation of Slovenia (Centralno klirinška depotna družba d.d. – KDD) in compliance with the law.

3.5. (three point five point) A transfer of the registered shares shall be valid by way of endorsement and its entry in the Share Register unless otherwise provided or permitted by the statutory or primary and secondary legislation.

4.0. (four point zero point) DELETED SECTION

5.0. (five point zero point) INCREASE AND DECREASE IN THE SHARE CAPITAL

5.1. (five point one point) The General Meeting of Shareholders shall decide on any increase in the share capital through the issuing of new shares and on the type and class of shares by a 3/4 majority of the share capital represented in the voting.

The existing shareholders shall have a pre-emptive right to subscribe to the newly issued shares in proportion to their current participation in the Company's share capital. The pre-emptive right may only be excluded on the basis of a resolution adopted by the General Meeting of Shareholders with a 3/4 majority of the share capital represented in the voting.

5.2. (five point two point) In compliance with the Companies Act, the General Meeting of Shareholders may decide to increase the share capital from the Company's assets.

The resolution on the increase in the share capital shall be based on the last audited annual or mid-year (interim) balance sheet.

After increasing the share capital in accordance with the provisions hereunder, the nominal value of an individual no-par value share may increase or new no-par value shares may be issued. Should new shares be issued, the existing shareholders shall be entitled to them in proportion to their participation in the share capital of the Company.

5.3. (five point three point) The Company may decrease the share capital should this be required by law.

6.0. (six point zero point) OWN SHARES

6.1. (six point one point) The Company may not acquire its own shares alone nor with the help of any third person, except in the following cases provided for by law:

- if the acquisition is necessary in order to prevent serious and immediate damage to the Company;
- if the shares are to be offered for purchase to the employees of the Company or its associated company;
- if it acquires the shares in order to provide indemnity for the shareholders in accordance with law;
- if it obtains the shares for free;
- if a bank, an insurance company or other financial organisation acquires the shares in a purchasing commission;
- on the basis of universal legal succession;
- on the basis of a resolution by the General Meeting of Shareholders on the withdrawal of shares in accordance with the provisions on decreasing share capital;

- based on the General Meeting of Shareholders' authorisation of the purchase of own shares in compliance with law.

The resolution on the purchase of own shares shall be adopted by the Management Board in compliance with the Rules on the Criteria for Acquiring Own Shares and the Method of Supervision of Own Shares which shall be passed by the Supervisory Board. The Management Board shall inform the General Meeting of Shareholders about the purchase in the Annual Report.

6.2. (six point two point) The Company shall derive no rights from its own shares but may pledge them, give them in beneficial ownership or sell them.

BODIES OF THE COMPANY

7.0. (seven point zero point) MANAGEMENT BOARD

7.1. (seven point one point) The Management Board shall manage the Company independently and at its own responsibility, and it shall be its agent and representative in relation to third persons. The President of the Management Board shall represent the company independently and alone, the Member of the Management Board, if appointed, can represent the Company only jointly with the President of the Management Board.

7.2. (seven point two point) The Management Board shall be appointed and discharged by the Supervisory Board.

7.3. (seven point three point) The Management Board shall be composed of 1 (one) or 2 (two) members. One member of the Management Board shall be appointed President of the Management Board. The number of members forming the Management Board shall be determined by the Supervisory Board by means of a resolution.

The term of office of the Management Board shall last 6 (six) years with the possibility of reappointment.

7.4. (seven point four point) The Management Board may grant "prokura". The person to whom the prokura is granted shall represent the Company jointly with a Member or the President of the Management Board.

The Management Board may also authorise other persons to represent the Company on the basis of a general or special power of attorney.

7.5. (seven point five point) The Management Board shall decide on all issues concerning the organisation and management of the Company and shall, in particular:

- submit to the Supervisory Board for discussion the Annual Report and other internal regulations;
- adopt the annual business plan;
- report to the Supervisory Board on the operations of the Company;
- implement the resolutions adopted by the General Meeting of Shareholders and the Supervisory Board;
- adopt decisions concerning the operations of the Company, decide on the management of the Company's assets within its authorisations;
- define the internal organisation and job systemisation in the Company as well as define job descriptions and employees' tasks and supervise the implementation of these tasks;
- adopt general internal and organisational regulations as well as performs other tasks in compliance with law, the Articles of Association and other general regulations;
- decide on individual rights and obligations of employees arising from employment, in compliance with the law, the Collective Agreement and the general internal regulations of the Company;
- appoint and discharge managerial employees,
- perform other responsibilities in line with the regulations.

The Management Board shall have the following competencies and responsibilities in relation to the General Meeting of Shareholders:

- prepare a proposal of the resolution on profit distribution;
- draw up measures within the scope of the authorisations by the General Meeting of Shareholders;
- draw up contracts and other documents requiring the approval of the General Meeting of Shareholders;
- implement the resolutions adopted by the General Meeting of Shareholders.

7.6. (seven point six point) The Supervisory Board may discharge the Management Board prior to the expiration of their term of office.

7.7. (seven point seven point) The Management Board cannot be removed without substantiated reasons.

7.8. (seven point eight point) The Management Board shall adopt decisions by a majority of the votes of all members.

In the event of a tied vote, the President of the Management Board shall cast the decisive vote.

7.9. (seven point nine point) The Supervisory Board may determine that certain types of operations and their volume may only be performed with its consent.

7.10. (seven point ten point) The Management Board may be entitled to profit-sharing. The Management Board and the Supervisory Board shall elaborate together a draft resolution for the General Meeting of Shareholders regarding profit-sharing by considering the performance of Istrabenz d.d. and other companies in which Istrabenz d.d. holds a capital stake.

The remuneration arising from profit-sharing shall be paid in cash and/or in shares of the Company.

7.11. (seven point eleven point) The Management Board shall adopt its Rules of Procedures.

8.0. (eight point zero point) SUPERVISORY BOARD

8.1. (eight point one point) The Supervisory Board shall be composed of 3 (three) or 4 (four) members. All members of the Supervisory Board shall have equal rights and obligations, unless otherwise stipulated herein. The number of Supervisory Board members shall be determined by the General Meeting of Shareholders which, in the event that as a result of a changed number of Supervisory Board members one member of the Supervisory Board has to be recalled, shall adopt a resolution on recall by the majority which is required for the recall of a member of the Supervisory Board.

8.2. (eight point two point) DELETED.

8.3. (eight point three point) The Supervisory Board shall be competent for:

- adopting the Rules of Procedures of the Supervisory Board;
- appointing and discharging the members of the Management Board;
- deciding on measures for the review and supervision of the work of the Management Board;
- imposing – based on a resolution – on the Management Board a restriction that certain types of operations and their volume may only be performed with its consent;
- reviewing and approving by a written report the Annual Report drawn up by the Management Board and the proposed profit distribution as well as adopting a standpoint with regard to the Auditor's Report;
- proposing internal regulations to be passed by the General Meeting of Shareholders;
- deciding on remunerations to the Company's Management Board members, while the President of the Supervisory Board shall conclude service contracts with them;
- approving contracts in line with the provisions herein;
- approving the annual business plan;
- requesting at any time that the Management Board report on any issue related to the operations of the Company;
- convening the General Meeting of Shareholders if this is in the best interest of the Company (at least once a year);

- preparing draft resolutions for each item of the agenda of the General Meeting of Shareholders;
- proposing to the General Meeting of Shareholders the removal of a member of the Supervisory Board;
- approving agreements concluded between a member of the Supervisory Board and the Company;
- bringing the provisions of the Articles of Association in line with the valid resolutions of the General Meeting of Shareholders;
- appointing the committees and other bodies of the Company;
- discussing and deciding on any other issues for which it is responsible according to law, other regulations, the authorisation by the General Meeting of Shareholders and the Company's Articles of Association.

8.4. (eight point four point) Each member of the Supervisory Board shall have the right to request from the Management Board all documentation based on which the Annual Report has been compiled, unless decided on otherwise by the Supervisory Board.

8.5. (eight point five point) The Supervisory Board shall be appointed by the General Meeting of Shareholders by a simple majority of shareholders present.

8.6. (eight point six point) The members of the Supervisory Board shall be elected for a period of 6 (six) years, after which they may be re-elected.

The Supervisory Board shall elect the President and the Deputy President from among its members. The Deputy President shall exercise the authorisations of the President, should the latter be absent.

The President shall convene and preside over the sessions of the Supervisory Board and shall be authorised for expressing the will and publishing the decisions adopted by the Supervisory Board.

The President of the Supervisory Board shall represent the Company in relation to the Management Board, and the Supervisory Board shall represent it in relation to the Company's bodies and third persons, unless otherwise stipulated in each specific case.

8.7. (eight point seven point) The President shall convene the sessions of the Supervisory Board on his own initiative or on the initiative of any member of the Supervisory Board or on the initiative of the Management Board.

8.8. (eight point eight point) The Supervisory Board shall adopt decisions at its sessions. The Supervisory Board may adopt decisions in writing, by telephone, telegraph or by using similar technical means provided that none of the Supervisory Board members opposes it.

8.9. (eight point nine point) The Supervisory Board shall constitute a quorum when at least 1/2 of its members are present.

8.10. (eight point ten point) In the event of a tied vote, the President of the Supervisory Board shall cast the decisive vote.

8.11. (eight point eleven point) The resolution on an early discharge of the employees' representatives shall be adopted by a 3/4 majority of the share capital represented in the voting.

Should the term of office of any member of the Supervisory Board be terminated for any reason, by-elections shall be held at the following regular General Meeting of Shareholders. The term of office of the newly appointed member of the Supervisory Board shall expire on the date of expiry of the term of office of other Supervisory Board members.

8.12. (eight point twelve point) The Supervisory Board members shall be entitled to basic remuneration for performing their function, a bonus for special obligations and attendance fees. The Supervisory Board members performing special functions shall, for this purpose, also be entitled to an extra payment. The amounts of the basic remuneration for performance of the function, the bonuses paid for special obligations, the extra payment for special functions, the attendance fees and the payment method shall be determined by the General Meeting of Shareholders.

The Supervisory Board members shall also be entitled to the reimbursement of other expenses related to the performance of their function.

The Supervisory Board members may also be entitled to a special bonus based on a resolution by the General Meeting of Shareholders.

8.13. (eight point thirteen point) The Supervisory Board shall define in greater detail the method and the terms and conditions of its work in its Rules of Procedure.

9.0. (nine point zero point) GENERAL MEETING OF SHAREHOLDERS

9.1. (nine point one point) The shareholders shall exercise their rights arising from the Company at the General Meeting of Shareholders.

9.2. (nine point two point) The General Meeting of Shareholders shall be convened on the initiative of the Management Board, at the request of the Supervisory Board or at the written request of the Company's shareholders representing at least 5% of the Company's share capital. The shareholder who requests the convocation of the General Meeting of Shareholders shall, upon such a request, submit in writing the agenda and a draft resolution to each item listed on the agenda, to be decided

on by the General Meeting of Shareholders, or, should the General Meeting of Shareholders not adopt resolutions under singular items of the agenda, submit an explanation with regard to the items on the agenda.

9.3. (nine point three point) The notice of convening the General Meeting of Shareholders with the content as determined by law, shall be published in the Official Gazette of the Republic of Slovenia, on the Company's web page or otherwise, if that be required by law, at least 30 (thirty) days prior to the meeting.

9.4. (nine point four point) The General Meeting of Shareholders shall be composed of shareholders.

9.5. (nine point five point) In principle, the General Meeting of Shareholders shall be held in the place of the Company's registered office. The Supervisory Board may decide to convene the General Meeting of Shareholders in another place should this, in its estimation, facilitate the convocation.

Only those shareholders who have registered their participation at the General Meeting of Shareholders latest by the end of the fourth day prior to the meeting and who are entered as holders of the shares in the Central Securities Clearing Corporation of Slovenia (Centralno klirinška depotna družba d.d. – KDD) at the end of the fourth day prior to the meeting, may attend and vote at the General Meeting of Shareholders.

9.6. (nine point six point) The General Meeting of Shareholders shall adopt valid decisions irrespective of the number of shares present.

Each share shall give a shareholder 1 (one) vote. The General Meeting of Shareholders shall adopt decisions on the basis of the resolutions.

9.7. (nine point seven point) The General Meeting of Shareholders shall adopt decisions by the majority of votes cast, unless otherwise provided by law or herein.

The General Meeting of Shareholders shall adopt decisions by a 3/4 majority of the share capital represented in the voting – primarily in the following cases:

- amendments to the Articles of Association;
- decrease in share capital, except in cases when a lower majority is required by law;
- increase in share capital;
- status alterations and dissolution of the Company;
- exclusion of the shareholders' pre-emptive rights upon issuing of new shares;
- early discharge of the Supervisory Board members;

- other cases if so stipulated by the law or herein.

THE GENERAL MEETING OF SHAREHOLDERS SHALL ADOPT DECISIONS BY A MAJORITY OF VOTES CAST PRIMARILY IN THE FOLLOWING CASES:

- profit distribution;
- appointment of the Supervisory Board members;
- granting of discharge from liability to the members of the Management Board and Supervisory Board;
- appointment of an auditor;
- discussion of the report by the Supervisory Board;
- adopting of decisions on other important issues that do not fall within the scope of the Management Board's or Supervisory Board's authorisations and on the issues defined by law or other regulations or these Articles of Association.

The General Meeting of Shareholders shall be responsible for adopting of the Annual Report only in the event the Supervisory Board fails to approve it or the Management Board and the Supervisory Board propose that the decision on adoption of the Annual Report be made by the General Meeting of Shareholders. In such a case the report submitted to the General Meeting of Shareholders by the Supervisory Board shall contain the relevant resolutions by the Management Board and the Supervisory Board.

9.8. (nine point eight point) The shareholders may exercise their rights derived from shares directly at the General Meeting of Shareholders or through their proxies. The appointment of the proxy shall be made in writing and deposited with the Company.

The shareholders may appoint their proxies in charge of representing them at the General Meeting of Shareholders also via electronic media. The form of the power of attorney serving to authorise the proxy to exercise the voting rights of the shareholder is available on the Company's web page and it may be submitted to the Company via e-mail, to the e-mail address stated by the Company each time in the notice of convening the General Meeting of Shareholders. If submitted via e-mail, the power of attorney shall be scanned, submitted in attachment form, and shall contain the personal signature of the natural person or, in the case of legal persons, the personal signature of the legal representative and the seal or stamp, if applied by that legal person. The Company is entitled to verify the identity of the shareholder or the proxy who submitted the power of attorney via e-mail, as well as to verify the authenticity of their signatures.

9.9. (nine point zero point) The shareholders may submit to the Company their request for the insertion of an additional item on the agenda and the draft resolutions to singular items of the agenda, including voting proposals, in the same manner and in the same form as defined under

paragraph two of the item 9.8. herein. The Company shall be entitled to verify the identity of the shareholder or the proxy submitting the request or the motion via e-mail, and to verify the authenticity of its signature.

9.10. (nine point ten point) The work of the General Meeting of Shareholders shall be defined in greater detail in its Rules of Procedure which shall be adopted by the General Meeting of Shareholders. The General Meeting of Shareholders shall be chaired by the Chairman who shall be appointed for each General Meeting of Shareholders separately by a simple majority of the votes cast.

10.0. (ten point zero point) ANNUAL REPORT, PROFIT DISTRIBUTION AND INTERIM DIVIDENDS

10.1. (ten point one point) The business year shall be a calendar year.
The Management Board shall be responsible for drawing up the Annual Report.

The Annual Report together with the pertaining financial statements shall be drawn up for each business year within 3 months of the end of the business year.

The Consolidated Annual Report shall be drawn up for each business year within 4 months of the end of the business year.

The audit of the Annual Report and the audit of the Consolidated Annual Report shall be implemented for each business year within 6 months of the end of the business year.

The Management Board shall submit the audited Annual Report to the Supervisory Board within 8 days of receipt of the Auditor's Report.

10.2. (ten point two point) The Annual Report with the pertaining Auditor's Opinion shall be submitted to the organisation authorised for data processing and publishing within 8 (eight) months of the end of the business year.

10.3. (ten point three point) The Supervisory Board shall submit to the Management Board a written report about its review of the Annual Report within one month after receiving the Annual Report by the Management Board.

The Management Board may extend the deadline to the Supervisory Board, however, not by more than 1 month.

10.4. (ten point four point) The distributable net profit may be used, in addition to its allocation to other profit reserves and profit-sharing, for other purposes including remuneration of members of the Management Board.

10.5. (ten point five point) The Management Board shall be authorised to pay out dividends also during the year (interim dividends) depending on the projected profit for the year, providing that the preliminary account for the previous business year shows a net profit.

The payment of dividends shall be authorised by the Supervisory Board. Interim dividends shall not exceed one-half of the projected profit after the forming of reserves from profit, as required by law or the Articles of Associations, nor shall one-half of the profit be brought forward from the previous year.

11.0. (eleven point zero point) INTERNAL ORGANISATION OF THE COMPANY

11.1. (eleven point one point) The internal organisation of the Company shall be defined by the Management Board which shall also adopt a special regulation thereon.

12.0. (twelve point zero point) INFORMING OF THE SHAREHOLDERS

12.1. (twelve point one point) The Company shall publish information on the web site of the Ljubljana Stock Exchange using the electronic notification system SEOnet, unless stipulated otherwise by law or herein.

13.0. (thirteen point zero point) DURATION AND DISSOLUTION OF THE COMPANY

13.1. (thirteen point one point) The Company shall be founded for an indefinite period.

13.2. (thirteen point two point) The Company shall be dissolved for the reasons and by the procedure stipulated by law.

14.0. (fourteen point zero point) FINAL PROVISIONS

14.1. (fourteen point one point) These Articles of Association shall enter into force after having been adopted by the General Meeting of Shareholders of the Company and notified to the Court of Registration.

14.2. (fourteen point two point) The amendments to these Articles of Association shall start applying upon their entry in the Business Register.

14.3. (fourteen point three point) Other general regulations shall apply as internal regulations of the Company should this not be contrary to these Articles of Association.
