

**MATERIALS
FOR THE 31ST GENERAL MEETING OF TELEKOM SLOVENIJE, D.D.**

Ljubljana, 2 April 2020

Material for item 2 of the agenda:

APPOINTMENT OF THE GENERAL MEETING'S BODIES

The Management Board of Telekom Slovenije, d.d., proposes that the General Meeting adopts the following

resolution:

Stojan Zdolšek shall be appointed the chair of the General Meeting, and representatives of Ixtlan Forum d.o.o. as the tellers.

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

Explanation:

Working bodies, i.e. the General Meeting chair, who chairs the General Meeting, and tellers for the voting, must be elected. A notary must be present at the General Meeting to write the General Meetings resolutions in the form of minutes compliant to the legislation.

President of the Management Board:
Tomaž Seljak, MSc

Material for item 3 of the agenda:

**WRITTEN REPORT OF THE SUPERVISORY BOARD
ON THE APPROVAL OF THE ANNUAL REPORT FOR THE YEAR 2019**

The General Meeting shall be briefed on the written report of the Supervisory Board regarding the approval of the Annual Report for the financial year 2019.

Explanation:

In accordance with Article 282 of the Companies Act (ZGD-1) (Official Gazette of the RS, no. 60/06 with subsequent amendments and supplements) the Supervisory Board is obligated to verify the Annual Report and the proposal for the use of the distributable profit presented by the Management Board. The Supervisory Board shall submit a written report to the General Meeting, in which it explains how and in to what extent it supervised the management of the company during the financial year. In its report the Supervisory Board must also present its opinion on the auditor's report attached to the Annual Report. At the end of its report the Supervisory Board must state whether after reviewing the Annual Report it has any comments and whether it approves the Annual Report.

The Supervisory Board thoroughly reviewed the annual report of Telekom Slovenije, d.d., and the Telekom Slovenia Group for 2019 by the legally prescribed deadline. The Supervisory Board finds that the Telekom Slovenije Group has performed in line with the set goals in 2019.

The Supervisory Board was briefed on and discussed the audit report, in which the certified auditors of Deloitte revizija, 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 financial and operating results and changes in equity. The Supervisory Board had no comments regarding the audit report. It likewise had no comments or reservations that would prevent the adoption of a decision to approve the annual report and consolidated annual report.

Pursuant to the provisions of Article 282 of the Companies Act the Supervisory Board approves the Annual Report of Telekom Slovenije Group and Telekom Slovenije, d.d., for the year 2019 with the accompanying audit report for 2019.

President of the Supervisory Board:
Barbara Kürner Čad

Appendix:
Report of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board constitutes nine members. The composition of the Supervisory Board changed in 2019, after the Supervisory Board member Ljubomir Rajšić handed in his resignation in June 2019. The same month the president of the Supervisory Board Lidija Glavina submitted her resignation from the posts of the president and Supervisory Board member, effective as of 30 August 2019.

In accordance with the recommendations of the Corporate Governance Code, the Supervisory Board founded a nomination committee for expert support in forming the proposal with two candidates for Supervisory Board members.

At the General Meeting on 30 August 2019 Igor Rozman and Barbara Cerovšek Zupančič were elected as new Supervisory Board members for four-year terms.

After the Supervisory Board was reconstituted on 13 September 2019, it elected Barbara Kürner Čad as president, and Barbara Gorjup and Drago Kijevčanin as deputies. It also reconstituted all the Supervisory Board committees.

The Supervisory Board constitution is diverse, the members complement one another's expert knowledge, competences, experience, age, gender, work methods and other aspects that facilitate an effective exchange of opinions and positions at the meetings.

On 8 January 2019 the Supervisory Board appointed dr. Vida Žurga as a Management Board member in charge of finance. On 16 April 2019 the Supervisory Board was informed of the decision of the president of the Management Board mag. Rudolf Skobe to end his term early. On 31 July 2019 the Supervisory Board was informed of the resignation of Dean Žigon, Management Board member – Worker Director. His term ended on the day Špela Fortin was appointed as Management Board member – Worker Director, whom the Supervisory Board appointed in accordance with the Worker Participation in Management Act and at the proposal of the Works Council of Telekom Slovenije on 13 September 2019. At the end of August 2019, the Supervisory Board appointed mag. Matjaž Merkan as the president of the Management Board, and was then on 14 November 2019 informed of his resignation. In December 2019 the Supervisory Board appointed mag. Tomaž Seljak as the president of the Management Board, and appointed mag. Matjaž Beričič as the Management Board member in charge of technology. They were both appointed for a four-year term.

In 2019 the Supervisory Board met at 14 meetings, and conducted 5 meetings through correspondence. In 2019 it provided a responsible and good supervision of the company's and Telekom Slovenije Group's business operations. It discussed different aspects of operations and monitored how plans are being realized. Individual topics were previously discussed by Supervisory Board committees. Based on the findings and proposals and due diligence of the committees, the Supervisory Board adopted appropriate decisions and after the meetings regularly informed the interested public.

In accordance with the Slovenian Corporate Governance Code, the Supervisory Board states that all the costs of its work are disclosed in the Annual Report.

The most important topics of Supervisory Board meetings in 2019

The most important topics of Supervisory Board meetings in 2019 were related to monitoring regular company business operations, its development and the constitutions of the Management Board. The Supervisory Board and the Management Board focused on defining the strategy and identifying and managing business risks, which is important for a successful future business operations of the company and the Telekom Slovenije Group.

Within its powers, the Supervisory Board made its decisions responsibly and in 2019:

- adopted the Strategic Business Plan of the Telekom Slovenije Group for the 2020–2023 period
- approved the audited 2018 Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d.
- appointed Management Board members and two presidents
- approved appointments of directors of subsidiaries

As part of supervising the company's business operations, the Supervisory Board was regularly informed in 2019 of the following:

- reports of the operation of the parent company and the Group
- the realization of Telekom Slovenije Group's Strategic Business Plan
- assessments of indicators of the company's operations in each period
- realization of strategic projects and initiatives
- other information related to Telekom Slovenije, d.d., Telekom Slovenije Group and all the subsidiaries
- it placed a special focus on monitoring the operations of the media pillar.

After receiving the decision of the Court of Arbitration of the International Chamber of Commerce, the Supervisory Board adopted measures related to the proceedings before the Court of Arbitration with the objective of establishing any potential irregularities.

The Supervisory Board resolved all conflicts of interest as they occurred (statements according to the Code are published on the company's website). In the 2019 financial year, some Supervisory Board members informed the Supervisory Board of the onset of individual facts that could impact their independence. No dependence of any Supervisory Board member was established in 2019, as no relevant conflicts of interest were found.

The Supervisory Board did not perform an evaluation of its own work in 2019, but at the start of 2020. The self-assessment of the audit committee was performed also in 2019.

Work of Supervisory Board committees

In 2019 the Supervisory Board formed four committees. These were the audit committee, the human resource committee, the technical committee, and the strategy committee, which discussed the topics related to the operations of the Supervisory Board and advised it on important issues. This contributed to improving the work and effectiveness of the Supervisory Board.

The Supervisory Board monitored the work of its committees and the implementation of their decisions. Their work is described in detail in the chapter Corporate Governance in the management report included in the Annual Report.

Assessment of the work of the Management Board and Supervisory Board

The work of Management Board members, including the work in the committees, was professional and focused on effectiveness of performing the function. All Supervisory Board members regularly attended the meetings, prepared thoroughly on the topics discussed, and provided constructive proposals.

Based on expertly prepared written and oral information from the Management Board, the Supervisory Board was able to competently make decisions in accordance with the rules of procedure, the company's statutes and its legal authority. Supervisory Board's work was supported by its committees.

Based on the described regular monitoring and supervision of the operations and management of Telekom Slovenije and Group companies during the 2019 financial year, and based on the 2019 Annual Report of Telekom Slovenije Group and Telekom Slovenije, which was prepared and submitted by the Management Board, the Supervisory Board assesses that the Annual Report and the disclosures in it represent the established facts and the position of the Group and the company.

The Supervisory Board assesses that the Management Board of Telekom Slovenije successfully managed the business operations of the company and realized the set goals in 2019.

Approval of the Annual Report and the proposed use of the distributable profit for 2019

At the Supervisory Board meeting of 1 April 2020, the Supervisory Board discussed the audited 2019 Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d. After examining the Annual Report and the Financial Statements with explanations, the Management Board's proposal for using the distributable profit and the report of the authorised auditor, the Supervisory Board approved the audited 2019 Annual Report of Telekom Slovenije Group and Telekom Slovenije, d.d.

Pursuant to paragraph 3 of Article 272 of the Companies Act (ZGD-1), Telekom Slovenije's Management Board submitted the Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d., for 2019, together with the auditor's report for 2019, immediately after compilation and the issuance of the auditor's opinion. The annual report was discussed by the Supervisory Board at its 9th regular session of 1 April 2020. The Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d., for 2019 was audited by the audit firm Deloitte Revizija, d.

o. o., which issued an unmodified opinion regarding the financial statements of the Telekom Slovenije Group and Telekom Slovenije. At its 7th regular session of 30 March 2020, the Audit Committee of Telekom Slovenije's Supervisory Board discussed the audited Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d., for 2019 and found that the annual report was compiled in a timely, clear and transparent manner, and in accordance with the provisions of the Companies Act (ZGD-1), the applicable International Financial Reporting Standards, as adopted by the European Union, and other relevant legislation. The audit committee had no comments with respect to the Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d., for 2019, and proposed that the Supervisory Board adopt a decision in accordance with Article 282 of the Companies Act (ZGD-1) regarding the approval of the annual report of the Telekom Slovenije Group and Telekom Slovenije, d.d., for 2019. Based on the auditor's opinion, the position of the Audit Committee of Telekom Slovenije's Supervisory Board, and data and disclosures in the annual report, the Company's Supervisory Board assesses that the auditor performed its work independently and professionally in accordance with valid legislation and business practices, that the annual report was compiled, in all material aspects, in accordance with the requirements of the Companies Act (ZGD-1), and that the financial statements fairly present, in all material aspects, the financial position of the Telekom Slovenije Group and Telekom Slovenije, d.d., as at 31 December 2019, and their operating results and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the European Union. The Supervisory Board has no remarks regarding the auditor's report. It also has no comments regarding the Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d., for 2019 that would in any way inhibit its decision to approve the annual report. Therefore, in accordance with paragraph 3 of Article 282 of the Companies Act (ZGD-1), the Supervisory Board of Telekom Slovenije, d.d., hereby approves the Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d., for 2019. The Annual Report for 2019 was approved by the prescribed deadline, i.e. within one month from its submission to Telekom Slovenije's Supervisory Board by senior management.

When approving the Annual Report, the Supervisory Board also took a position on the statement on company management and compliance with the Code, which is included in the management report of the 2019 Annual Report of Telekom Slovenije Group and Telekom Slovenije, d.d., and assessed that it reflects the actual state of the company management in 2019.

Barbara Kürner Čad,
President of the Supervisory Board of Telekom Slovenije, d.d.

Material for item 4 of the agenda:

**PROPOSED USE OF THE DISTRIBUTABLE PROFIT FOR 2019
WITH THE PROPOSAL ON GRANTING DISCHARGE TO THE MANAGEMENT AND SUPERVISORY BOARDS
FOR THE 2019 FINANCIAL YEAR**

The Management Board and the Supervisory Board of Telekom Slovenije, d.d., propose that the General Meeting adopts the following

resolution:

- 4.1 The distributable profit, which amounted to € 30,164,545.48 for 2019, shall remain undistributed.
- 4.2 The General Meeting shall grant discharge to the Management Board for the 2019 financial year.
- 4.3 The General Meeting shall grant discharge to the Supervisory Board for the 2019 financial year.

Explanation:

Pursuant to Article 293 of ZGD-1 the General Meeting decides on the use of distributable profit at the proposal of the management or supervisory bodies. The decision on the use of distributable profit is tied to the approved annual report. The audited 2019 Annual Report has been discussed and approved by the company's Supervisory Board. The Management Board and the Supervisory Board recommend to the General Meeting that because of uncertain effects and unclear consequences related to the declared pandemic quickly, thoughtfully and in accordance with the Business Continuity Management System, which ensures that the company is capable and qualified to provide key services and processes also in emergency situations. In spite of this, because of the uncertainties of the market, the forecast recession, and the fact that experts cannot give a reliable prediction regarding the duration of the measurement for limiting the spread of COVID-19, the company cannot reliably estimate the effect of these exceptional circumstances on its future operations. With due diligence and especially with the aim to reduce any potential negative consequences on the company's operations and ensuring the stability of its operation and future development, the Management Board and the Supervisory Board recommend the above.

In accordance with Article 294 of the ZGD-1, the General Meeting decides on the use of distributable profit and the discharge of the management and supervisory boards at the same time. In accordance with the recommendation of the Corporate Governance Code and the Corporate Governance Code for State-Owned Enterprises, the vote on granting the discharge to the management and supervisory boards is carried out separately.

Because of the direct inclusion of KDD - Central Securities Clearing Corporation in TARGET2-Securities, Telekom Slovenije, d.d., as the issuer of securities in accordance with the Common European Standards for Corporate Actions, schedules the days it shall perform individual corporate actions, as the below table shows:

President of the Management Board:
Tomaž Seljak, MSc

President of the Supervisory Board:
Barbara Kürner Čad

Appendix:

2019 Annual Report of Telekom Slovenije Group and Telekom Slovenije, d.d.: <http://www.telekom.si/o-podjetju/za-vlagatelje/informacije-o-poslovanju/financna-porocila>

Material for item 5 of the agenda:

INFORMATION ON THE EXPIRATION OF TERM OF A SUPERVISORY BOARD MEMBER

The General Meeting is informed that on 13 May 2020 the term of Dimitrij Marjanović, Supervisory Board member, shareholders' representative, will expire.

Explanation:

The General Meeting has elected for Supervisory Board members representing the shareholders Dimitrij Marjanović, whose four-year term began on 13 May 2016, Barbara Gorjup, Barbara Kürner Čad and Bernarda Babič, whose four-year terms began on 27 April 2017, and Igor Rozman and Barbara Cerovšek Zupančič, whose four-year terms began on 30 August 2019.

The term of Dimitrij Marjanović, Supervisory Board member, shareholders' representative, will expire on 13 May 2020.

President of the Supervisory Board:
Barbara Kürner Čad

Material for item 6 of the agenda:

ELECTION OF A NEW SUPERVISORY BOARD MEMBER

The Telekom Slovenije d.d. Supervisory Board proposes that the General Meeting adopts the following

resolution:

The General Meeting elects Dimitrij Marjanović as the shareholder representative in the Supervisory Board for a four-year term starting on the date of election at the General Meeting.

Explanation:

Based on article 26 of Articles of Association of Telekom Slovenije, d.d., the Supervisory Board has nine members, six of which represent the shareholders. On 13 May 2016 the General Meeting elected Dimitrij Marjanović as a Supervisory Board member, shareholder representative for a four-year term, which expires on 13 May 2020.

The Supervisory Board has appointed a nominating committee for selecting candidates. The committee called on all major shareholders to put forward potential candidates for Supervisory Board members, and received two candidatures. In accordance with the established corporate governance standards the nominating committee of Telekom Slovenije's Supervisory Board assessed and nominated the candidates for Supervisory Board members. One of the candidates submitted a statement of withdrawal during the procedure.

After the procedures were completed, the Supervisory Board recommends Telekom Slovenije's General Meeting to elect Dimitrij Marjanović for a four-year term, starting on the date of election at the General Meeting.

The presentation of the proposed candidate:

Dimitrij Marjanović has a degree in economics (University of Ljubljana), and works as a senior manager in the Financial investment management at the Slovenian Sovereign Holding. He was employed at the Slovenian Compensation Company, which was the legal predecessor of the Slovenian Sovereign Holding in 2000 as an independent consultant in the Capital investment department. In 2004 he took over the Analysis department, and in 2010 the Finance and portfolio investments department, and between 1 April 2016 and 31 August 2018 he was the director of the Financial management department. He was also in charge of accounting and risk management, as well as risk quantification of the Slovenian Sovereign Holding. He is the president of the Management Board of ISKRA ESV, d.d., and the president of the Supervisory Board of D.S.U., Property Management and Consultancy (LLC). He began his four-year term as a Supervisory Board member of Telekom Slovenije, d.d., on 13 May 2016, and has throughout worked in the audit and human resource committees of the Supervisory Board.

President of the Supervisory Board:
Barbara Kürner Čad

Material for item 7 of the agenda:

APPOINTING AN AUDITOR FOR FINANCIAL YEARS 2020, 2021 AND 2022

The Telekom Slovenije d.d. Supervisory Board proposes that the General Meeting adopts the following

resolution:

The General Meeting appoints auditing company PricewaterhouseCoopers (PwC), d.o.o., Cesta v Kleče 15, 1000 Ljubljana for the auditing of the financial statements of Telekom Slovenije, d.d., for the financial years 2020, 2021 and 2022.

Explanation:

In accordance with Article 16 of the Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities, the audit committee must explain the proposal for selecting the auditor, unless renewing an auditing agreement.

The selection of the auditor for the statutory audit of the financial statements of Telekom Slovenije Group and Telekom Slovenije for the 2020 – 2022 period was conducted in accordance with valid legislation, the adopted Guidelines for ensuring the independence of the auditor of the financial statements in Telekom Slovenije Group, and pursuant to the adopted Criteria for selecting the auditor for the financial statements of Telekom Slovenije, d.d., Telekom Slovenije Group and the subsidiaries and for other services of assurance engagement in the scope of the annual audit.

Following a thoroughly prepared tender documentation which included clear and non-discriminatory measures for selection, the independent purchasing committee of Telekom Slovenije called on several auditing companies to submit their quotations for providing the service of statutory audit of financial statements of the Telekom Slovenije Group and Telekom Slovenije for the 2020 – 2022 period. It called on the tenderers several times to supplement or improve their quotations. The audit committee of Telekom Slovenije's Supervisory Board reviewed the final valuation of the quotations and the Report on review, assessment and valuation of the quotations with appendices, which was prepared by the independent purchasing committee of Telekom Slovenije, and established that the report was professionally made and that it includes all the criteria and elements that the tender documentation listed.

According to the criteria and taking into account the received documentation and the explanations of the ongoing procedures based on a decision of the Supervisory Board relating to the received decision of the Court of Arbitration, the audit committee of the Supervisory Board of Telekom Slovenije, d.d., substantiates the selection of PricewaterhouseCoopers (PwC), d.o.o., Cesta v Kleče 15, 1000 Ljubljana, as the best provider of services of statutory audit of financial statements of Telekom Slovenije Group and Telekom Slovenije for the years 2020 – 2022.

PwC, d.o.o., prepared a high-quality quotation with appropriate references for auditing public interest entities. The proposed team that would conduct auditing services is well structured and integrated in all the companies comprising Telekom Slovenije Group, especially with a direct presence of its auditing network in all the countries where Telekom Slovenije subsidiaries that are the subject of the audit are based. Besides the authorised auditor, the auditing team also includes experts in information technology, valuation and taxes, which is important from the perspective of providing a comprehensive auditing service for Telekom Slovenije Group. Based on the presentation of the quotation at the meeting of the audit committee on 26 March 2020 the representatives of the auditing company PwC, d.o.o., exalted an in-depth knowledge of Telekom Slovenije Group and its policies. Besides the price aspect that the audit committee assesses as appropriate, the quotation for providing auditing services also includes ensuring an appropriate level of quality of rendered auditing services.

No third parties influenced the recommendation of the audit committee for the selection of the auditing company. The proposal for selecting the auditor is prepared in accordance with the adopted Guidelines for ensuring independence of the auditor of financial statements in Telekom Slovenije Group, and no contractual obligation has been assumed relating to the proposal that would limit the selection between the invited providers of statutory auditing.

President of the Supervisory Board:
Barbara Kürner Čad

Material for item 8 of the agenda:

REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

The Management Board and the Supervisory Board of Telekom Slovenije, d.d., propose that the General Meeting adopts the following

resolution:

- 8.1 The Supervisory Board members receive an attendance fee for attending sessions, which amounts to €275 gross per member per session. For attending a committee meeting, the Supervisory Board committee members receive an attendance fee amounting to 80% of the attendance fee for attending the Supervisory Board session. The attendance fee for correspondence sessions amounts to 80% of the regular attendance fee. Regardless of the above and therefore the number of sessions attended, a Supervisory Board member is entitled to receive attendance fees until their sum in a financial year amounts to 50% of the basic remuneration for performing the office that an individual Supervisory Board member is entitled to annually. Regardless of the above and therefore the number of meetings attended, a Supervisory Board member who is also a member of a committee is entitled to receive attendance fees for Supervisory Board meetings and committee meetings until their sum in a financial year amounts to 75% of the basic remuneration for performing the office that an individual Supervisory Board member is entitled to annually.
- 8.2 In addition to attendance fees, Supervisory Board members also receive basic remuneration in the amount of €14,000 gross annually per member. The president of the Supervisory Board is also entitled to an additional payment in the amount of 50% of the basic remuneration for Supervisory Board members, while the Supervisory Board deputy president is entitled to additional payment in the amount of 10% of the basic remuneration for Supervisory Board members. Members of Supervisory Board committees receive remuneration for performing the office which amounts to 25% of basic remuneration for Supervisory Board members. The president of a committee is entitled to an additional payment in the amount of 37.5% of the basic remuneration for Supervisory Board members. Regardless of the above, and the number of Supervisory Board committees in which they participate or which they chair, individual members of Supervisory Board committee are entitled to receive additional payments until their sum in a financial year amounts to 50% of the basic remuneration for performing the office a Supervisory Board member is entitled to annually. Regardless of the above, and therefore regardless of the number of Supervisory Board committees in which a Supervisory Board member participates or which they chair, if their term is shorter than the financial year, they are entitled to receive additional payments until their sum in a financial year amounts to 50% of the basic remuneration for performing the office an individual Supervisory Board member is entitled to for the duration of their term in the relevant financial year.
- 8.3 Supervisory Board members and Supervisory Board committee members receive the basic remuneration and additional payment in proportional monthly payments, which they receive as long as they perform the office. Monthly payments amount to one twelfth of the above determined annual amounts.
- 8.4 The cap on the attendance fees and additional payments to Supervisory Board members does not affect the members duty to actively participate in all Supervisory Board sessions, and sessions of the committees of which they are a member, or the Supervisory Board member's responsibility defined by the law.
- 8.5 Supervisory Board members are entitled to travel expense reimbursement, per diem and accommodation cost reimbursement related to their Supervisory Board work in the amount determined by the regulations on work-related cost reimbursement and other income not included in the tax base (provisions relating to travel and accommodation expenses on a business trip). The amount that a Supervisory Board member is entitled to is turned to gross value so that the net payment is the reimbursement of the actual travel expenses. In order to determine the mileage, the distances between locations from AMZS's public website are applied. Supervisory Board members or Supervisory Board committee members are only entitled to accommodation cost reimbursements if their permanent or temporary residence is at least 100 kilometres away from the location where the body meets, or if they were unable to return because no public transport was available, or for other objective reasons.

8.6 This resolution comes into effect and use on the date it is adopted at the General Meeting. It annuls the resolution under items 8.1 to 8.5 that the General Meeting adopted on 1 July 2013.

Explanation:

In November 2019 the Slovenian Sovereign Fund adopted the Corporate Governance Code for State-Owned Enterprises (Code). The Code states that payments to supervisory board members consist of the payment for performing the function and of attendance fees. The payment for performing the function consists of the basic payment for performing the function and the fee for special tasks or functions of each member. The payment for performing the function of supervisory board members and attendance fees are defined by taking into account the size of the company and the company's financial condition.

The recommended amounts for supervisory board members for performing their office and the amounts for attendance fees are set in Appendix 1 of the Code. The proposed resolution is made in accordance with the sample, defined in Appendix 2 of the Code. The recommended amount of the basic payment for performing the function of a supervisory board member and the attendance fee remain the same as in the decision the General Meeting adopted on 1 July 2013, and are within the range recommended for enterprises with shares traded on the organized market, as set in the Appendix 1 to the Code.

In accordance with the recommendations of the Code, the total maximum amount of attendance fees for attending the meetings of Supervisory Board and committees, i.e. for Supervisory Board members who are also members of one or more committees, is changed to 75% of the basic payment for performing the function of the Supervisory Board member at the yearly level. The total maximum amount of attendance fees for attending Supervisory Board meetings for members who are not also members of committees remains the same, namely up to 50% of the basic payment for performing the function of a Supervisory Board member at the yearly level. This change is actually justified by the scope and the number of meetings both of the Supervisory Board itself, as of its committees, needed for successfully performing legally required tasks of the Supervisory Board and its committees considering the size of the company, the scope and areas of its operations and market challenges. However, this is merely the cap, and the amounts will not be paid out up to the maximum amount if there are fewer meetings of the Supervisory Board and/or its committee in the upcoming years.

President of the Management Board:
Tomaž Seljak, MSc

President of the Supervisory Board:
Barbara Kürner Čad

Material for item 9 of the agenda:

CONCLUDING THE SETTLEMENT

The Management Board and the Supervisory Board of Telekom Slovenije, d.d., propose that the General Meeting adopts the following

resolution:

- 9.1 The General Meeting agrees with the planned settlement, which shall be the basis for finally resolving all mutual issues and claims from the court proceeding at the Ljubljana District Court under the reg. no. V Pg 2638/2012, in which the company is claiming compensation from former Management Board members with the following key points:
- the insurance company that insured the liability for damages of the former Management Board members shall pay €2.8 million to the company;
 - by fulfilling the above obligation of the insurance company, all mutual relations between the parties to the dispute, relating to the same fact finding, i.e. historical events as the subject of the above court proceedings, shall be settled, so that after the settlement between the company and the defendants is realized there will be no further claims or obligations related to this matter, and all the parties waive them fully.
- 9.2 The approval for concluding this settlement agreement shall be valid for six months after the adoption of this resolution.

Explanation:

The General Meeting of Telekom Slovenije, d.d., (hereinafter: company) on its meeting of 7 March 2012, adopted, based on the report of the special auditor Deloitte Revizija, d.o.o., with a 99.60% majority the decision on filing lawsuits claiming compensation for the damage caused as the result of breaches of duty of its members of management and/or supervisory bodies in relation to the management of individual transactions. The General Meeting appointed as its special representatives according to ZGD-1 the solicitors Ilić & Partnerji o. p. d.o.o. (hereinafter: special representative). Based on the findings of the special auditor the special representative filed a lawsuit on 13 June 2012 at the Ljubljana District Court against all of its former members of the Management Board (Bojan Dremelj, Dušan Mitić, Filip Ogris Martič, Željko Puljić and Darja Senica – hereinafter also: defendants) who held the term during the audited contentious transactions, demanding:

- compensation in the amount of € 48,051,294.00 for the damage that the company suffered as a result of the purchase of a 29.36% share in Ipko.net, LLC Prishtina (hereinafter: IPKO).

Because of the extreme legal and financial complexity, the proceedings have not been concluded after more than seven years, and are still at the court of first instance in the phase of completing the opinion of the court-appointed expert PwC. The company has an insurance policy with the insurance company D&O, which is intended for covering such risks, however because of the long duration of the court proceedings and the related increase in legal costs, the insured amount is growing significantly smaller.

Two years ago the company enforced the insurance claim after receiving the opinion of the court-appointed expert PwC, and consequently it began, parallel with the court proceedings, negotiating with the insurance company regarding the amount and conditions of the insurance payment under the valid D&O policy.

On 6 March 2020 the company received a binding and time-limited settlement offer from the insurance company's authorised person. Accepting it allows the company to receive damages in the amount of € 2,800,000.00, under the condition of an early termination of the above court proceedings. Taking into account paragraph three of Article 263 of the Companies Act (ZGD-1) it is not legally permissive to decide on a claim for compensation without an approval of the General Meeting.

By concluding this settlement, all civil relations between the company and former Management Board members would be settled, and the agreed insurance would be paid out, thereby eliminating the need for presenting further evidence and the related costs of the proceedings, as well as the risks related to the legal outcome and the success of the collection.

When negotiating the amount of the insurance payment, the remainder of the insurance amount from which the legal costs have been paid preferentially, and the scope of the valid insurance coverage were taken into account, as the policy, because of the late date, does not cover the whole period in which certain events occurred that are the subject of the legal proceedings.

Because the public is excluded from the court proceedings, the shareholders shall be further informed of the facts regarding the proceedings, and the content of the proposed settlement directly at the General Meeting by the special representative and the company representatives.

President of the Management Board:
Tomaž Seljak, MSc

President of the Supervisory Board:
Barbara Kürner Čad