

CORPORATE GOVERNANCE STATEMENT

Telekom Slovenije, d. d. [hereinafter: Telekom Slovenije] hereby issues its corporate governance statement in accordance with the fifth paragraph of Article 70 of the Companies Act, and the recommendations of the Corporate Governance Code and the Corporate Governance Code for Companies with Capital Assets of the State.

The corporate governance statement is an integral part of the audited annual report of the Telekom Slovenije Group and Telekom Slovenije, d. d. for 2020. It relates to the period 1 January 2020 to 31 December 2020. We also disclose significant events after the aforementioned period and up to the publication of the statement. The corporate governance statement is accessible in electronic form, for a minimum of five years from the date of its publication, on the Company's website at <https://www.telekom.si/o-podjetju/predstavitev/organiziranost-in-upravljanje/upravljanje-druzbe> and in the Ljubljana Stock Exchange's electronic information system at <http://seonet.ljse.si>.

CORPORATE GOVERNANCE POLICY

Corporate governance at Telekom Slovenije and within the Telekom Slovenije Group is based on the following principles and guidelines:

- the Corporate Governance Policy of Telekom Slovenije, d. d., which was initially adopted in December 2011 and last updated on 13 February 2020,
- the Corporate Governance Rulebook of the Telekom Slovenije Group, which was adopted on 22 August 2017, and
- the Instructions on the Implementation of the Corporate Governance Rulebook of the Telekom Slovenije Group, which were adopted on 18 February 2020.

The Corporate Governance Policy defines a system for segregating responsibilities and competences between members of management and supervisory bodies, the role of Supervisory Board's committees and the protection of employees' interests. It also defines groups of stakeholders, a strategy for communication and cooperation with those groups, a policy governing links between the Company and its subsidiaries, and a commitment to identify conflicts of interest and to ensure the independence of members of the Supervisory Board and Management Board.

The Supervisory Board and Management Board adopt updates to the Corporate Governance Policy, taking into account current guidelines in the area of corporate governance, as well as binding regulations and best practices.

The Corporate Governance Rulebook of the Telekom Slovenije Group defines the rules, criteria and mechanisms for managing and supervising companies in the Telekom Slovenije Group. The Instructions on the Implementation of the Corporate Governance Rulebook of the Telekom Slovenije Group defines the way in which the corporate governance of subsidiaries is implemented in individual areas.

The Management Board and Supervisory Board function in accordance with the law and other regulations, the Articles of Association of Telekom Slovenije, d. d., and the rules of procedure of the Management Board and Supervisory Board.

The Corporate Governance Policy of Telekom Slovenije, d. d., the rules of procedure of the Management Board and the other documents linked to corporate governance are publicly accessible on the website www.telekom.si, under [Corporate Governance - English - Telekom Slovenije](#)

STATEMENT OF COMPLIANCE WITH THE CODE

Telekom Slovenije, as a public interest entity whose securities are traded on the regulated securities market, and as a company with capital assets of the State, took into account the corporate governance recommendations set out in the following documents to the greatest extent possible during the 2020 financial year:

- the **Corporate Governance Code** adopted by the Ljubljana Stock Exchange and the Slovenian Directors' Association on 27 October 2016. The code entered into effect on 1 January 2017 and is published on the website www.ljse.si;
- the **Corporate Governance Code for Companies with Capital Assets of the State**, which was adopted by Slovenski državni holding, d. d. in November 2019, and the **Recommendations and Expectations of Slovenski državni holding** from August 2020 [both documents are published on the website www.sdh.si]; and
- the **recommendations to Public Companies Regarding Notification** from 8 May 2017 and 19 August 2019, which entered into force on 2 September 2019, and those from 19 November 2020, which entered into force on 23 November 2020. All of the above recommendations were adopted by the Ljubljana Stock Exchange and are published on the website www.ljse.si.

In its work and operations, Telekom Slovenije also complies with the guidelines set out in the Code of Ethics of the Telekom Slovenije Group of 1 February 2017 [published on the Company's website at www.telekom.si].

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Telekom Slovenije explains below deviations from individual recommendations set out in the aforementioned code:

Diversity policy

Recommendations 4.1 and 4.3:

Telekom Slovenije adopted a diversity policy in 2020 in accordance with the recommendation of the code. The policy deviates in part from the recommendation, as it does not specifically define objectives. Objectives are of a descriptive nature, but are not stated in numbers or percentages, except with respect to gender diversity.

Disclosure of the composition and remuneration of the Management Board and Supervisory Board

Recommendation 5.6:

Telekom Slovenije deviates in part from this recommendation because, in accordance with appendices C3 and C4 to the code, the composition and remuneration of members of the Management Board and Supervisory Board are not an integral element of the corporate governance statement, but are published in the second chapter of the annual report, while reference to the relevant chapter is given in the corporate governance statement.

Justification of proposals for the election of Supervisory Board members

Recommendation 8.5:

Telekom Slovenije deviated in part from this recommendation in 2020 because the justification of a proposal for shareholders at the 31st General Meeting of Shareholders held on 5 June 2020

regarding the election of Dimitrij Marjanović as member of the Supervisory Board did not include an assessment of potential conflicts of interest and an assessment of whether the proposed candidate is independent in relation to the Company according to the criteria set out in the code. That justification did not include these two aspects because Dimitrij Marjanović was already a member of the Supervisory Board and the election of a new member was required due to the expiry of his term of office. Those aspects were regularly verified during the member's term of office in accordance with legal provisions and the recommendations of the code.

Work of the Supervisory Board with due diligence

Recommendation 12.1:

Telekom Slovenije deviated in part from this recommendation in 2020, as two members of the Supervisory Board submitted letters of resignation with the explanation that they could no longer perform their functions with due diligence.

Annual training plan for members of the Supervisory Board and its committees

Recommendation 13.1:

Telekom Slovenije deviates in part from the recommendation with respect to the definition of an annual training plan for members of the Supervisory Board and the members of its committees, as an annual plan as a unique document is not defined. Members of the Supervisory Board have an online overview of Telekom Slovenije's current internal training programme and attend training in accordance with available dates.

Monitoring of measures based on the results of the assessment of the Supervisory Board

Recommendation 14.3:

Telekom Slovenije deviates in part from this recommendation, as the Supervisory Board monitored measures in 2020 based on an assessment carried out when the new rules of procedure of the Supervisory Board, which had not yet been adopted in 2020, were drawn up.

External evaluation of the assessment of the Supervisory Board

Recommendation 14.4:

Telekom Slovenije did not comply with this recommendation, as an external evaluation of the assessment of the Supervisory Board was not performed. The Supervisory Board is planning an external evaluation for the 2021 financial year.

President of the Supervisory Board

Recommendation 15.3:

Telekom Slovenije deviates in part from this recommendation, as the President of the Supervisory Board also served as chair of the HR Committee and the currently appointed Nomination Committee from 4 November 2020 on, but his term of office expired on 21 January 2021.

Term of office of external members of the Supervisory Board's committees

Recommendation 18.3:

Telekom Slovenije deviated from this recommendation in 2020, as the contract with the external member of the Audit Committee stated that the aforementioned contract ceases to be in force on the day the term of office of the Supervisory Board expires, or on the day the function of the external member of the Audit Committee is terminated based on a Supervisory Board resolution. With the appointment of a new external member of the Audit Committee on 11 February 2021, that deviation from the recommendation was eliminated in the associated contract.

Succession system

Recommendation 20.1:

Telekom Slovenije deviates in part from this recommendation, as it does not have in place a succession system for the Management Board. However, internal candidates were included in the process of appointing a member to the Management Board in 2020 and were appropriately evaluated in that process.

Independence of the Supervisory Board and its committees

Recommendation 23:

Telekom Slovenije deviated in part from this recommendation in 2020, as a member (and President) of the Supervisory Board, Boštjan Koler,

was not independent from Slovenski državni holding, d. d., where he was also a member of the Management Board from 3 November 2020 to 21 January 2021.

Disclosure of the remuneration of members of the Management Board and Supervisory Board

Recommendation 29.7:

Telekom Slovenije deviates from this recommendation to a lesser degree because the variable element of the remuneration of Management Board members is not disclosed separately in terms of qualitative and quantitative criteria.

Publication of rules of procedure of bodies

Recommendation 29.9:

Telekom Slovenije deviates in part from this recommendation, as it has only published the rules of procedure of the Management Board on its website.

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR COMPANIES WITH CAPITAL ASSETS OF THE STATE

Telekom Slovenije explains below deviations from individual recommendations set out in the aforementioned code:

Independence of management and supervisory bodies from SDH and the state

Recommendation 4.1:

Telekom Slovenije deviated in part from this recommendation in 2020, as a member (and President) of the Supervisory Board, Boštjan Koler, was not independent from Slovenski državni holding, d. d., where he was also a member of the Management Board from 3 November 2020 to 21 January 2021. Recommendation 4.1 is in contravention of recommendation 6.7, which stipulates an exception for a link with a shareholder.

Succession policy

Recommendations 6.1, and 6.2.1 to 6.2.3:

Telekom Slovenije deviates in part from these recommendations, as it does not have a succession policy as a unique document. The succession process involves the identification of key and perspective employees, as well as potential successors. In the scope of the process, potential internal candidates are also assessed every time a member is appointed to the Management Board.

Justification of proposals for the election of Supervisory Board members

Recommendation 6.8:

Telekom Slovenije deviated in part from this recommendation in 2020 because the justification of a proposal for shareholders at the 31st General Meeting of Shareholders held on 5 June 2020 regarding the election of Dimitrij Marjanovič

as member of the Supervisory Board did not include an assessment of potential conflicts of interest and an assessment of whether the proposed candidate is independent in relation to the Company according to the criteria set out in the code. That justification did not include these two aspects because Dimitrij Marjanovič was already a member of the Supervisory Board and the election of a new member was required due to the expiry of his term of office. Those aspects are regularly verified during a member's term of office in accordance with legal provisions and the recommendations of the code.

Number of sessions of the Audit Committee**Recommendation 6.14.2:**

Telekom Slovenije deviates in part from this recommendation. Given the current relevance and complexity of individual matters, the Supervisory Board's Audit Committee met at more sessions in 2020 than the recommended number.

Disclosure of the remuneration of members of the Management Board and Supervisory Board**Recommendation 8.3:**

Telekom Slovenije deviates from this recommendation to a lesser degree because the variable element of the remuneration of Management Board members is not disclosed separately in terms of qualitative and quantitative criteria.

Disclosure of the costs of the Supervisory Board's work**Recommendation 8.4:**

Telekom Slovenije deviates in part from this recommendation, as all costs incurred by the Supervisory Board are not disclosed separately as stated in the recommendation because they are not booked to a separate cost centre.

Compliance and Integrity Officer**Recommendation 11.2.1:**

Telekom Slovenije deviates in part from this recommendation, as the position of compliance and integrity officer is not classified separately. The compliance and integrity officer is appointed by resolution of the Management Board.

RECOMMENDATIONS AND EXPECTATIONS OF SLOVENSKI DRŽAVNI HOLDING

Telekom Slovenije adheres to the Recommendations and Expectations of Slovenski državni holding to the greatest extent possible. Telekom Slovenije's position regarding the Recommendations and Expectations of Slovenski državni holding is published on the Company's official website at: <https://www.telekom.si/o-podjetju/predstavitev/organiziranost-in-upravljanje/upravljanje-druzbe>.

MANAGEMENT AND SUPERVISORY BODIES

Telekom Slovenije is a public limited company. It has a two-tier system of governance. It is managed by the Management Board and supervised by the Supervisory Board. The Company's governing body is its General Meeting of Shareholders.

GENERAL MEETING OF SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The equal treatment and consistent exercising of the rights of all shareholders are ensured through the corporate governance system and a communication strategy for shareholders and other stakeholders.

The Company convenes the General Meeting of Shareholders at least once a year, when it benefits the Company or whenever required in accordance with the law and its Articles of Association. The date that the convening of the General Meeting of Shareholders is published on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services is deemed the official date of that convocation and the date from which the deadlines apply. Shareholders exercise their rights at the General Meeting of Shareholders in person or through authorised representatives. The convening, competences and functioning of the General Meeting of Shareholders are set out in the ZGD-1, the Company's Articles of Association and the rules of procedure of the General Meeting of Shareholders.

Shareholders have the right to participate in the management of the Company, the right to dividends and the right to an appropriate share of residual assets after the Company's liquidation or bankruptcy.

Shareholders exercise their right to information at the General Meeting of Shareholders. Detailed information regarding shareholders' rights set out in paragraph 1 of Article 298, paragraph 1 of Article 300, Article 301 and Article 305 of ZGD-1 are available on the Company's website at [Shareholders Meeting - English - Telekom Slovenije](#).

Shareholders who are entered in the central register of securities at KDD (Central Securities Clearing Corporation) at the close of business four days prior to the General Meeting of Shareholders (cut-off day) are entitled to participate and vote at the General Meeting of Shareholders, if they have registered in writing at least three days prior to the General Meeting of Shareholders.

Telekom Slovenije's shareholders met at the 31st General Meeting of Shareholders held on 5 June 2020, when 81.16% of shares with voting rights were represented. At the General Meeting of Shareholders, the Company's shareholders:

- were briefed on the written report of the Supervisory Board on the approval of the annual report of the Telekom Slovenije Group and Telekom Slovenije, d. d. for 2019, on the remuneration of the Company's Management Board and Supervisory Board and the management bodies of subsidiaries in 2019, and on the remuneration policy for members of the management bodies of the Company and its subsidiaries;
- approved the proposed use of distributable profit for the 2019 financial year;
- conferred official approval on the Management Board and Supervisory Board for the 2019 financial year;
- were briefed on changes to the Supervisory Board and elected one new member to that body;
- appointed an auditor for the 2020, 2021 and 2022 financial years;
- defined the remuneration of members of the Supervisory Board; and
- gave their consent to the conclusion of an out-of-court settlement in litigation involving former members of the Company's Management Board.

Based on the request of 4 December 2020 to convene the General Meeting of Shareholders submitted by the shareholder Slovenski državni holding, d. d. in its own name and on behalf of the Slovenian government, Telekom Slovenije's shareholders met at the 32nd General Meeting of Shareholders held on 21 January 2021, when 77.41% of shares with voting rights were represented. At the General Meeting of Shareholders, the Company's shareholders:

- adopted proposed changes to the Articles of Association of Telekom Slovenije, d. d. and adopted the consolidated text thereof;
- recalled member of the Supervisory Board Igor Rozman; and
- elected four new members to the Supervisory Board [Iztok Černoša, Aleksander Igličar, MSc, Marko Kerin and Radovan Cerjak] to serve four-year terms of office, effective 22 January 2021.

No challenges at the above-described General Meetings of Shareholders were announced.

The resolutions of General Meetings of Shareholders and documentation from previous meetings are published on the Company's website. According to the Company's [financial calendar](#), the 33rd General Meeting of Shareholders for 2021 is planned for 18 June 2021.

MANAGEMENT BOARD

Composition of the Management Board

In 2020, Telekom Slovenije's Management Board comprised five members who were appointed for a four-year term of office. They were appointed by the Company's Supervisory Board, taking into account the relevance of their expertise and managerial competences. Pursuant to the Company's Articles of Association, any person who, in addition to meeting the relevant legal requirements, has a university-level qualification, at least five years of work experience in management positions and active knowledge of at least one foreign (global) language, and who fulfils other conditions defined by the Supervisory Board may be appointed as a member of the Management Board. These conditions do not apply to the Worker's Director as member of the Management Board. Those conditions and criteria are defined jointly by the Supervisory Board and Works Council.

The four-year term of office of Ranko Jelača expired on 15 March 2020. On 22 June 2020, Telekom Slovenije's Supervisory Board appointed Tomaž Jontes to serve as member of the Management Board. Mr Jontes' four-year term of office began on 22 June 2020.

At its 3rd regular session held on 10 March 2021, Telekom Slovenije's Supervisory Board reached an agreement with the President and three members of the Management Board on the termination of their employment contracts and their recall from the aforementioned positions. Accordingly, the terms of office of the President of the Management Board Tomaž Seljak and members Dr Vida Žurga, Matjaž Beričič, MSc and Tomaž Jontes ended on 10 March 2021.

At the same session, Telekom Slovenije's Supervisory Board appointed Cvetko Sršen to serve as President, and Dr Mitja Štular and Tomaž Jontes to serve as members of the Management Board. Their four-year terms of office began on 10 March 2021.

At its fourth regular session held on 22 March 2021, Telekom Slovenije's Supervisory Board appointed Barbara Galičič Drakslar to serve as member of the Management Board for a four-year term of office that begins on 31 March 2021.

V letu 2020 so upravo sestavljali:

Name	Office	Area of work on the Management Board	First appointment to function	Completion of function / term of office	Gender	Nationality	Year of birth	Education / professional profile	Membership in supervisory bodies of unaffiliated companies
Tomaž Seljak, MSc	Vice-President	Corporate Governance, Human Resource Management and General Affairs, Public Relations, Legal Affairs and Regulation, Compliance, Risk Management, Security and the subsidiaries IPKO and TSinpo.	1 May 2014	9 December 2019	Male	Slovenian	1972	Holds a master's degree and bachelor's degree in electrical engineering.	
	President		10 December 2019	10 March 2021					
Dr Vida Žurga	Member	Finance, Accounting and Controlling, Internal Auditing, Procurement, Real Estate Management, Logistics, Wholesale Market and the subsidiary TSmedia.	1 February 2019	10 March 2021	Female	Slovenian	1984	Holds a doctorate degree in science and a bachelor's degree in economics, and is an experienced internal auditor.	
	Vice-President		22 January 2020	10 March 2021					
Matjaž Beričič, MSc	Member	Network Management, IT and ICT Services, and the subsidiaries GVO, SIOL Zagreb, SIOL Podgorica, SIOL Sarajevo, SIOL Skopje, SIOL DOO Belgrade and SIOL Prishtina.	10 December 2019	10 March 2021	Male	Slovenian	1974	Holds a master's degree and bachelor's degree in electrical engineering.	
Tomaž Jontes	Member	B2C, B2B, Marketing, and the subsidiaries Avtenta and Soline.	22 June 2020	10 March 2021	Male	Slovenian	1971	Holds a bachelor's degree in economics.	Triglav pokojninska družba, d. d.
Špela Fortin	Member of the Management Board – Workers Director	Responsibilities derive directly from the law.	14 September 2019	14 September 2023	Female	Slovenian	1978	Business college student.	
Ranko Jelača	Member	B2C, B2B, Marketing, and the subsidiaries Avtenta and Soline.	15 March 2016	15 March 2020	Male	Slovenian/ Croatian	1977	Holds a bachelor's degree in economics.	IEDC – Poslovna šola Bled, d. o. o.

Work of the Management Board

The Management Board manages transactions and represents the Company independently, and is liable for its own actions in that regard. It makes decisions that are in line with the Company's strategic objectives and in the interest of shareholders and other stakeholders, taking into account the principles of sustainable development.

The Management Board met at 81 regular and 25 correspondence sessions in 2020. It adopted the strategy of the Telekom Slovenije Group for the period 2021 to 2025, and drafted the Strategic Business Plan of the Telekom Slovenije Group for the period 2020 to 2025 and implemented activities to achieve the objectives set out in the current Strategic Business Plan.

The Management Board dedicated special attention in 2020 to activities aimed at establishing a national fifth generation (5G) network, and to the preparation and implementation of activities, together with the adoption of preventive measures, during the COVID-19 pandemic.

In accordance with the Strategic Business Plan of the Telekom Slovenije Group for the period 2020 to 2023, the Management Board adopted decisions regarding the following:

- the initiation of proceedings to recapitalise Planet TV with the entry of a new partner in the ownership structure. The conditions of the previously initiated proceedings were amended, and became the sale of the Company's 100% participating interest in Planet TV. That sale was completed with the transfer of all participating interests to the buyer;
- initiation of the sale of the subsidiary TSmedia;
- the halting and completion of the sale of the Company's 100% participating interest in IPKO, without the selection of a buyer; and
- the initiation of proceedings to merge Avtenta with Telekom Slovenije.

The Management Board also adopted numerous business decisions and carried out activities that included the following:

- ensuring development and the achievement of established objectives;
- the introduction of new and upgraded services;
- the development of cyber security, healthcare, financial, energy, transport, logistics and smart city services;
- the adaptation of network capacities as the result of the mass migration to work from home and distance learning following the declaration of the COVID-19 pandemic;
- the adaptation of processes for operations during the pandemic;
- the provision of special attention to cyber security during the pandemic;
- the development of new opportunities to use mobile networks in connection with the introduction of the 5G network, and ensuring a superior user experience;
- the upgrading of the comprehensive portfolio of ICT services and solutions;
- the optimisation and rejuvenation of the employee structure; and
- the optimisation of business processes.

Remuneration of the Management Board

The remuneration, composition and amount of earnings of the Management Board are set out in members' employment contracts, taking into account the Act Governing the Earnings of Management Staff at Companies Under the Majority Ownership of the Republic of Slovenia and Self-Governing Local Communities (ZPPOGD).

The Supervisory Board sets objectives for the Management Board for every financial year, based on the approved annual business plan and certain key indicators. The Management Board's objectives comprise quantitative and qualitative objectives, as well as financial and non-financial objectives that are defined for the purpose of monitoring the performance of Management Board members.

The conditions for profit sharing by the Management Board are governed by the Company's Articles of Association. The earnings of the Management Board in 2020 are presented in the Accounting Report in point [42. Related party transactions](#).

SUPERVISORY BOARD

Composition of the Supervisory Board

The Supervisory Board comprises a total of nine members, six of whom are shareholder representatives and three of whom are employee representatives.

The composition of the Supervisory Board is diverse in terms of knowledge, skills, experience, professional qualifications, age, gender, work methods and other aspects.

The President of the Supervisory Board Aleš Šabeder and Supervisory Board members Barbara Cerovšek Zupančič, MSc and Bernarda Babič, MSc tendered their resignations on 19 October 2020. Aleš Šabeder and Barbara Cerovšek Zupančič, MSc resigned, effective on the day of the appointment of replacement or new members to the Supervisory Board, while Bernarda Babič, MSc resigned, effective on 19 January 2021 or on the day of the appointment of a replacement or new member by the Company's General Meeting of Shareholders, if the latter is convened before that date.

On 3 November 2020, the Ljubljana District Court issued a decision, under which Boštjan Koler, Dimitrij Marjanovič and Štefan Belingar, MSc were appointed to serve as new members of the Supervisory Board, effective on the day that decision was issued, until the election of members to the Supervisory Board by the Company's General Meeting of Shareholders, but for a period of no more than one year from the issue of the aforementioned decision. The terms of office of Aleš Šabeder, Barbara Cerovšek Zupančič, MSc and Bernarda Babič, MSc were terminated, effective the same day.

On 4 November 2020, the members of the Supervisory Board elected Boštjan Koler to serve as President of the Supervisory Board, and Barbara Kürner Čad and Drago Kijevčanin to serve as Vice-Presidents, the former as shareholder representative and the latter as employee representative.

At the 32nd General Meeting of Shareholders held on 21 January 2021, shareholders recalled member of the Supervisory Board and shareholder representative Igor Rozman, and elected Iztok Černoša, Aleksander Igljučar, MSc, Marko Kerin and Radovan Cerjak to serve four-year terms of office, effective 22 January 2021.

On 11 February 2021, the members of the Supervisory Board elected Iztok Černoša to serve as President of the Supervisory Board, while Barbara Kürner Čad and Drago Kijevčanin remained in their functions as Vice-Presidents, the former as shareholder representative and the latter as employee representative.

WORK OF THE SUPERVISORY BOARD

The Supervisory Board met at seventeen regular and two correspondence sessions in 2020. It ensured the responsible and high-quality supervision of the operations of the Company and the Telekom Slovenije Group.

The Supervisory Board discussed different aspects of operations and monitored the implementation of plans. Specific topics were discussed in advance by the Supervisory Board's committees. Based on the findings, proposals and assessments of committees, the Supervisory Board adopted the appropriate decisions.

The Supervisory Board performed its work in accordance with the powers and competences prescribed by the law, the Company's Articles of Association and its own rules of procedure. Members are fully liable for the performance of their supervisory function and make their decisions independently. All members of the Supervisory Board submitted statements of compliance with the criteria of independence in accordance with the Corporate Governance Code [the statements are published on the websites of [Telekom Slovenije](https://www.telekom.si)].

The Supervisory Board comprised the following members in 2020:

Name	Office	First appointment to function	Shareholder/ employee representative	Participation in Supervisory Board sessions with respect to total number	Gender	Nationality	Year of birth	Education / professional profile	Independence in accordance with Article 23 of the Code	Existence of conflicts of interest during the financial year	Membership in supervisory bodies of other companies	Employment
Shareholder representative												
Boštjan Koler	President	3 November 2020	21 January 2021	4/4*	Male	Slovenian	1961	Holds a bachelor's degree in law.	NO	NO		Member of the Management Board of Slovenski državni holding, d. d.
Barbara Kürner Čad	Vice-President	27 April 2017	27 April 2017	19/19	Female	Slovenian	1964	Holds a bachelor's degree in law.	YES	NO		Attorney at the Čad Law Firm
Barbara Gorjup, MSc	Member	27 April 2017	27 April 2017	19/19	Female	Slovenian	1973	Holds a master's degree in international economics.	YES	NO		Managing Director of Baklus, d. o. o.
Štefan Belingar, MSc	Member	3 November 2020	21 January 2021	4/4*	Male	Slovenian	1965	Holds a master's degree in business policy and organisation.	YES	NO		/
Dimitrij Marjanovič	Member	13 May 2016 3 November 2020	13 May 2020 21 January 2021	9/12*	Male	Slovenian	1970	Holds a bachelor's degree in economics.	YES	NO	Iskra ESV, d. d.	Senior manager in the Financial Management Department at Slovenski državni holding, d. d.,
Igor Rozman	Member	30 August 2019	21 January 2021	19/19	Male	Slovenian	1959	Holds a bachelor's degree in computer engineering.	YES	NO		Expert in the areas of television production, programme production systems and information systems at RTV Slovenija.
Aleš Šabeder	President	15 June 2020	3 November 2020	7/7*	Male	Slovenian	1970	Holds a degree in economics	YES	NO		Pošta Slovenije, d.o.o.
Bernarda Babič, MSc	Member	27 April 2013	3 November 2020	15/15*	Female	Slovenian	1966	Holds a master's degree in business policy and organisation, with a major in banking.	YES	YES	Terme Olimia, d. d.	Assistant to the Managing Director of Slovenske železnice, d. o. o.
Barbara Cerovšek Zupančič, MSc	Member	30 August 2019	3 November 2020	15/15*	Female	Slovenian	1975	Holds a master's degree in national and European studies, and a degree in administrative organisation.	YES	NO		Member of the Management Board of Deželna banka Slovenije, d. d.
Employee representative												
Drago Kijevčanin	Vice-President and employee representative	19 September 2018	14 November 2021	19/19	Male	Slovenian	1964	Telecommunications engineer	YES	NO	NO	Telekom Slovenije, network engineer in the ICT and Network Services organisational unit, President of the SELEKS trade union and member of the Works' Council.
Dušan Pišek	Member	19 September 2018	14 November 2021	18/19	Male	Slovenian	1964	Telecommunications engineer	YES	NO	NO	Telekom Slovenije, team leader in the ICT and Network Services organisational unit and President of the Works' Council.
Jana Žižek Kuhar	Member	19 September 2018	14 November 2021	18/19	Female	Slovenian	1974	Holds a degree in economics.	YES	NO	NO	Telekom Slovenije, expert in the Procurement, Logistics and Real Estate organisational unit and member of the Works Council.

* Participation in sessions convened during the term of office of a specific member [number].

COMPOSITION AND FUNCTIONING OF SUPERVISORY BOARD COMMITTEES

The Supervisory Board had four committees during the year. They were the Audit Committee, HR Committee, Strategy Committee and Marketing and Technology Committee, which was renamed from the Technical Committee in January 2020. The aforementioned committees discussed individual areas of expertise in accordance with their respective competences and tasks. The composition and most important tasks of individual committees in 2020 are described below:

Following a change in the members of the Supervisory Board, that body reconstituted its committees on 4 November 2020.

The Audit Committee assists the Supervisory Board in its supervision of financial reporting, internal controls and risk management at Telekom Slovenije and at the Telekom Slovenije Group level, and in cooperation with external and internal auditors. The Audit Committee's key tasks are to ensure professional cooperation in the corporate governance process, to function for the good of the Company and to protect the interests of its stakeholders.

The Audit Committee's members were as follows as at 31 December 2020:

- Barbara Gorjup, MSc [chair],
- Barbara Kúrner Čad,
- Štefan Belingar, MSc
- Drago Kijevčanin, and
- Barbara Nose [external member].

The composition of the Audit Committee changed several times during the year. Dimitrij Marjanovič chaired the Audit Committee until 13 May 2020, when he was succeeded by Barbara Gorjup, MSc. Štefan Belingar, MSc replaced Barbara Cerovšek Zupančič, MSc as member of the Audit Committee on 4 November 2020, when Barbara Kúrner Čad was also appointed to that committee.

Information regarding the members of the Audit Committee who are also members of the Supervisory Board in 2020 is presented in the table detailing the members of the Supervisory Board on page 9, while information regarding the external member in 2020 is presented in the table below.

The composition of the Audit Committee has been as follows since 11 February 2021: Barbara Gorjup, MSc [chair], Aleksander Igljčar, MSc, Marko Kerin, Drago Kijevčanin and Dr Marko Hočvar as external member.

Name	Committee	Participation in committee sessions with respect to total number	Nationality	Level of education	Year of birth	Professional profile	Membership in supervisory bodies of other companies
Barbara Nose	Audit Committee	21/22	Slovenian	Holds a bachelor's degree in economics and specialises in auditing and accounting	1964	Auditing and accounting	Member of the Supervisory Board of Luka Koper, d. d.

The Audit Committee met at nine ordinary sessions, and held ten correspondence sessions and three extraordinary sessions in 2020. As a rule, all members were present at sessions. Members of the Supervisory Board who are not members of the Audit Committee were kept abreast about the latter's work by viewing the minutes of the committee's sessions. The chair of the Audit Committee also regularly reported on the committee's work and findings at sessions of the Supervisory Board. The Audit Committee addressed issues in accordance with the ZGD-1, recommendations for the work of audit committees, the Audit Committee's rules of procedure, its work plan adopted for 2020 and the resolutions of Telekom Slovenije's Supervisory Board.

Key tasks performed by the Audit Committee in 2020 were as follows:

- it monitored and discussed financial reporting procedures, and monitored the progress of the external audit of the annual financial statements of the Telekom Slovenije Group and Telekom Slovenije;
- it discussed the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2019;
- it discussed the Internal Audit Service's reports regarding specific audits and the implementation of issued recommendations;
- it discussed the annual report on the work of the Internal Audit Service for 2019 and the service's work plan for 2020, and discussed its independence in the absence of the Management Board;

- it periodically monitored the risk management system, the functioning of internal controls, compliance, reports on lawsuits and supervision proceedings, and reports on suspected breaches of corporate integrity;
- it implemented procedures for which the Audit Committee is responsible in connection with the selection of the Company's certified auditor for the mandatory auditing of the financial statements of the Telekom Slovenije Group and Telekom Slovenije for the 2020, 2021 and 2022 financial years, and sent a proposal to the Supervisory Board for the appointment of the auditor [because the contract with the previous certified auditor expired, several audit firms were called on to submit bids based on previously prepared tender documentation that included transparent and non-discriminatory criteria. The Audit Committee reviewed the final evaluation of bids and the report on the review, assessment and evaluation of bids, and found that the aforementioned report was compiled professionally and contained all the criteria and elements set out in the tender documentation];
- gave its consent to the conclusion of an agreement on the auditing of the financial statements of Telekom Slovenije and the consolidated financial statements of the Telekom Slovenije Group for the 2020, 2021 and 2022 financial years;
- in accordance with the Guidelines for Ensuring the Independence of the Auditor of the Financial Statements of the Telekom Slovenije Group, which define the methods and procedures for monitoring the independence and impartiality of the auditor of financial statements, as well as protective measures, the selection of the auditor and procedures for non-audit services:
 - it monitored and discussed all transactions with audit firms and assessed the independence of the certified auditor of the financial statements of the Telekom Slovenije Group and Telekom Slovenije; and
 - monitored the quality of the work of the auditor of the financial statements for 2019.

The Director of the Internal Audit Service was invited to all sessions of the Audit Committee. The Audit Committee also invited the certified auditor of the financial statements to sessions at which quarterly reports on the operations of Telekom Slovenije and the Telekom Slovenije Group were discussed.

With the aim of continuously improving the quality of its work, the Audit Committee performed a self-assessment in 2020 and adopted an action plan of improvements. All resolutions adopted under the

aforementioned action plan were implemented by the end of the financial year.

The HR Committee met at seven sessions in 2020. Significant activities of the HR Committee included:

- the implementation of procedures for the appointment of a Management Board member;
- the discussion of proposals of the Management Board on the appointment of managing directors at Telekom Slovenije Group subsidiaries; and
- the discussion of the objectives of Management Board members for 2020, and the methodology for calculating the performance factor and criteria in connection with the right of Management Board members to the variable component of wages for 2019.

The HR Committee's members were as follows as at 31 December 2020:

- Boštjan Koler [chair],
- Barbara Kürner Čad,
- Dimitrij Marjanovič,
- Drago Kijevčanin.

The HR Committee was chaired by Igor Rozman until 4 November 2020. All sessions of the HR Committee in 2020 were held during the first half of the year.

Information regarding the members of the HR Committee in 2020 is presented in the table detailing the members of the Supervisory Board on page 9.

The HR Committee has comprised the following members since 11 February 2021: Radovan Cerjak [chair], Barbara Kürner Čad, Marko Kerin, Iztok Černoša and Drago Kijevčanin.

The Marketing and Technology Committee met at two sessions in 2020. It discussed the security aspects of operations during the first part of the year and the construction of a fibre optic access network during the second part.

The Marketing and Technology Committee's members were as follows as at 31 December 2020:

- Dušan Pišek [chair],
- Štefan Belingar, MSc,
- Barbara Gorjup, MSc and
- Igor Rozman.

Bernarda Babič, MSc chaired the Marketing and Technology Committee until 15 June 2020, when the Supervisory Board appointed Dušan Pišek to chair that committee.

Information regarding the members of the Marketing and Technology Committee in 2020 is presented in the table detailing the members of the Supervisory Board on page 9.

The composition of the Marketing and Technology Committee has been as follows since 11 February 2021: Aleksander Igljčar, MSc, [chair], Barbara Gorjup, MSc and Dušan Pišek.

The **Strategy Committee** met at three sessions in 2020. At its first session, it discussed the draft strategy of the Telekom Slovenije Group for the period 2021 to 2025, and then the Strategic Business Plan of the Telekom Slovenije Group for the same period with the Business Plan for 2021.

The Strategy Committee's members were as follows as at 31 December 2020:

- Štefan Belingar, MSc [chair],
- Dimitrij Marjanović,
- Igor Rozman, and
- Jana Žižek Kuhar.

Barbara Cerovšek Zupančič, MSc served as chair of the Strategy Committee until she resigned from her position as member of the Supervisory Board. The Supervisory Board appointed new members and the chair of the Strategy Committee on 3 November 2020.

Information regarding the members of the Strategy Committee in 2020 is presented in the table detailing the members of the Supervisory Board on page 9.

The Strategy Committee has comprised the following members since 11 February 2021: Marko Kerin [chair], Radovan Cerjak, Barbara Kürner Čad and Jana Žižek Kuhar.

REMUNERATION OF SUPERVISORY BOARD MEMBERS

Supervisory Board members are entitled to attendance fees, basic payment for performing their functions and additional payments for participation in Supervisory Board committees. The remuneration of members of the Supervisory Board is defined by a resolution of the General Meeting of Shareholders. Also defined are the maximum annual amounts of and eligibility criteria for the reimbursement of transportation expenses, daily allowances and costs of overnight stays. The amounts of payments made to members of the Supervisory Board are disclosed in the Accounting Report.

When they assumed their function, every member of the Supervisory Board submitted a statement of compliance with the criteria of independence according to point C.3 of the appendix to the

Corporate Governance Code. Those statements are accessible on the website of [Telekoma Slovenije](#).

DIVERSITY POLICY

On 22 June 2020, the Supervisory Board adopted the updated Policy Governing the Diversity of the Management Board and Supervisory Board of Telekom Slovenije, d. d. [hereinafter: the Policy]. The objective of the Policy is to ensure the increased effectiveness of the Management Board and Supervisory Board, and to improve the diversity of the members of both bodies. The Management Board and Supervisory Board can use the diversity of members in terms of knowledge, skills, experience, professional qualifications, age, gender, work methods and other aspects to the good of the Company. The Policy is published on Telekom Slovenije's website at <https://www.telekom.si/o-podjetju/predstavitev/organiziranost-in-upravljanje/upravljanje-druzbe>.

In accordance with the Policy and in addition to legal requirements and requirements set out in the Company's Articles of Association, the following primary objectives and/or aspects of diversity must be taken into account to the greatest extent possible when determining the optimal composition of the Company's Management Board and Supervisory Board, to ensure the effectiveness of an individual body as a whole: professional profile, continuity, experience, gender, age and personal integrity.

In terms of gender, the Policy pursues the objective of heterogeneity, whereby an under-represented gender should account for 40% of all members of the Supervisory Board and 33% of all members of the Management Board and Supervisory Board by the end of 2026. The Company achieved that objective throughout 2020. In terms of the composition of the Supervisory Board, that objective was achieved for most of 2020. Following changes to the Supervisory Board in November 2020, the proportion of Supervisory Board members accounted for by the under-represented gender fell to 33.3%.

In the scope of selecting Management Board and Supervisory Board members, the latter's HR Committee monitored the implementation of the Policy in 2020, as is evident from the composition of both governance bodies, which is in line with the Policy in terms of all aspects of diversity.

In accordance with point 7 of paragraph 5 of Article 70 of the ZGD-1, Telekom Slovenije presents the representation of both genders on the Company's Management Board and Supervisory Board:

Diversity of members of the Management Board in terms of gender:

31 December 2020	Male	Women	Total
Number of Management Board members	3	2	5
Proportion	60%	40%	100%

Diversity of members of the Supervisory Board in terms of gender:

31 December 2020	Male	Women	Total
Number of Supervisory Board members	6	3	9
Proportion	66.66%	33.33%	100%

Even following the appointment of new members to the Supervisory Board at the General Meeting in January 2021 and the appointment of the new members of the Management Board, the composition of the aforementioned body in terms of gender was unchanged.

OTHER EXPLANATIONS IN ACCORDANCE WITH THE COMPANIES ACT

Pursuant to the fifth paragraph of Article 70 of the Companies Act [ZGD-1], Telekom Slovenije hereby issues the following explanations:

Main features of internal control systems and risk management within the Group in connection with financial reporting procedures

Risk management and the system of internal controls represent integral elements of corporate governance within the Group. The use of risk management methodologies and a system of internal controls represents the basis for assessing risks, responding in a timely manner and reducing exposure to risks.

In connection with the financial reporting process, the system of internal controls ensures the appropriate management of risks, the ethical operations of companies, and reliable, timely and transparent external and internal financial reporting that is in accordance with the law, the International Financial Reporting Standards and regulations, and the guidelines and policies adopted by the Management Board. Information support is provided for the accounting process. Internal controls are therefore linked with controls built into the IT infrastructure, which comprises controls over restrictions on access to data and applications, and controls over the accuracy and completeness of data capture and processing.

Established internal accounting controls are an integral part of the Group's system of internal controls in the processes and organisational units of companies, and at all levels of operations.

The Telekom Slovenije Group strives to ensure an appropriate system of internal controls that includes precisely defined procedures, competences and responsibilities for specific tasks, as well as automated and manual controls in all processes that include accounting controls and procedures. Internal controls comprise a description and the objectives of controls, and are regularly adapted to legislation, standards, processes, organisational changes, findings from self-assessments of internal controls, recommendations of internal and external audits, and best practices.

Those who implement internal controls are responsible for the consistent implementation of controls, the documentation of the functioning of internal controls and proposals for improvements. A report is drafted once a year on the self-assessment of internal controls at the parent company and subsidiaries to provide a comprehensive overview. That report is updated and supplemented annually.

The self-assessment of internal controls is based on confirmation of the establishment and functioning of internal controls. Implementation is systematic, planned and structured, and is appropriately documented.

DATA AND EXPLANATIONS RELATED TO THE MERGERS AND ACQUISITIONS ACT

- **Share capital of Telekom Slovenije**

There were no changes to the structure of share capital in 2020. The value of Telekom Slovenije's share capital is EUR 272,720,664.33 and is divided into 6,535,478 ordinary registered no-par-value shares. All shares constitute one class and are issued in dematerialised form. Each share represents the same stake and corresponding amount in share capital, while all shares have been paid up in full. Each share gives its holder the right to one vote at the General Meeting of Shareholders, a proportionate share of profits [payment of dividends] and a proportionate share of residual assets after the liquidation or bankruptcy of the Company. Shares are listed on the prime securities market of the Ljubljana Stock Exchange. Detailed information regarding shares and the ownership structure is presented in section [1.11 Share trading and ownership structure](#).

- **Restrictions on the transfer of shares**

All shares are freely transferable.

- **Qualifying holdings according to the Takeovers Act**

There were two holders of a qualifying holding as set out in the Takeovers Act as at 31 December 2020: the Republic of Slovenia with 4,087,569 shares or 62.54% of the issuer's share capital and Kapitalska družba, d. d. with 365,175 shares or 5.59% of the issuer's share capital.

- **Holders of securities that provide special controlling rights**

Telekom Slovenije has not issued securities that would provide special controlling rights.

- **Share scheme for shareholders**

Telekom Slovenije does not have a share scheme for shareholders.

- **Agreements between shareholders that might place limits on the transfer of securities or voting rights**

Telekom Slovenije is not aware of any such agreements.

- **Rules on the Appointment and Replacement of Members of Management and Supervisory Bodies**

The Supervisory Board appoints members of the Management Board in accordance with its legal powers and statutory provisions. To that end, it prudently and responsibly assesses the fulfilment of the required qualifications. In accordance with the above, the Supervisory Board also defined the candidate selection process, additional conditions that candidates must meet and procedures for determining the appropriateness of candidates in the Criteria and Procedures for Determining the

Appropriateness of Candidates for Members of the Management Board.

The Supervisory Board formulated criteria and professional profiles for members of the Company's Supervisory Board [competence profile] in June 2016, taking into account the specific nature of the Company. Those criteria ceased to apply with the adoption of the Competence Profile for Members of the Supervisory Board of Telekom Slovenije, d. d. of 12 February 2020. That profile is publicly accessible on Telekom Slovenije's website.

- **Rules on amendments to the Articles of Association**

Telekom Slovenije does not have any special rules governing changes to its Articles of Association. Changes to the Company's Articles of Association are made in accordance with the law and the Articles of Association themselves.

- **Special agreements that come into effect, are amended or terminated on the basis of a change in control at the Company as the result of a bid as defined by the act governing mergers and acquisitions**

Telekom Slovenije is not aware of any such agreements.

- **Agreements concluded between the Company and the members of its management or supervisory body or employees that envisage compensation if they resign or are laid off without justification in the event of a bid as set out in the act governing mergers and acquisitions or if their employment is terminated**

Telekom Slovenije has no such agreements in accordance with the Takeovers Act.

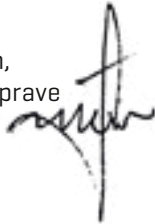
Telekom Slovenije constantly strives to improve corporate governance practices in its operations, including proactive corporate communication with various stakeholders. The Company communicates in the manner set out in Telekom Slovenije, d. d.'s Corporate Governance Policy, the Communications Strategy of Telekom Slovenije, d. d. and the Policy on Communication with the Shareholders of Telekom Slovenije, d. d.

With the listing of its shares on the prime market of the Ljubljana Stock Exchange, Telekom Slovenije undertook to comply with the relevant reporting standards. Telekom Slovenije once again provided investors with high-quality, timely, relevant and reliable information in 2020.

With the aim of ensuring that Telekom Slovenije Group companies and employees comply with the law, other rules, applicable recommendations and bylaws, the Telekom Slovenije Group's Compliance Management Policy defines the purpose and objectives of compliance management, an integrity plan and powers and responsibilities. The compliance management system facilitates the identification of risks and the implementation of measures to manage those risks. Playing an important role in that framework are preventive actions, and rapid and effective measures in the event of identified breaches. For more information, see section [2.5.1 Compliance and anti-corruption](#).

Telekom Slovenije will continue to strive in the future to comply with and introduce the highest standards and best practices in the area of corporate governance, both at the parent company and at other Telekom Slovenije Group companies.

Cvetko Sršen,
predsednik uprave



Iztok Černoša,
predsednik nadzornega sveta



STATEMENT REGARDING THE EXTERNAL ASSESSMENT OF THE CORPORATE GOVERNANCE STATEMENT FOR THE 2020 ANNUAL REPORT

The Slovenian Directors' Association hereby declares that it performed an external assessment of the corporate governance statement of Telekom Slovenije, d. d., for 2020 in the period 3 December 2020 to 17 March 2021 in accordance with Article 5.7 of the Slovenian Corporate Governance Code. That external assessment is not deemed to be the provision of the assurance services provided by accounting experts with public authorisation [auditors] or accounting experts without public authorisation [e.g. internal auditors]. As an independent external reference institution that does not provide audit services for the aforementioned Company or in connection with it, we reviewed all of the contents of the corporate governance statement and its appropriateness in terms of the fifth paragraph of Article 70 of the ZGD-1, and assessed whether that statement

appropriately describes the governance of the Company, as is evident from the latter's relevant documents. That assessment also included a review of selected reference codes and statements of compliance with the reference codes that the Company follows. A report was drawn up on the external assessment of the corporate governance statement, and submitted to the Company's Management Board and Supervisory Board.

The Slovenian Directors' Association hereby declares that the corporate governance statement included in the annual report of the Telekom Slovenije Group and the Telekom Slovenije, d. d., for 2020 contains all legally prescribed elements, and that the content of that statement appropriately describes the governance of the Company, as is evident from documents received from the latter.



Irena Prijović, MSc
Executive Director
Slovenian Directors' Association