

# 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 2021. It relates to the period 1 January 2021 to 31 December 2021. 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/en/about-us/company/corporate-governance> 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/en](http://www.telekom.si/en), under <https://www.telekom.si/en/about-us/company/corporate-governance>.

## 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 2021 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](http://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 March 2021, and the **Recommendations and Expectations of Slovenski državni holding** from August 2020 [both documents are published on the website [www.sdh.si](http://www.sdh.si)]; and
- the **Recommendations to Public Companies Regarding Notification** from 19 November 2020, which entered into force on 23 November 2020. The above recommendations were adopted by the Ljubljana Stock Exchange and are published on the website [www.ljse.si](http://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/en](http://www.telekom.si/en)].

## 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 another section 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 2021 because the justification of a proposal for shareholders at the 33rd General Meeting of Shareholders held on 18 June 2021 regarding the election of new members of the Supervisory Board did not include an assessment of potential conflicts of interest and an assessment of whether the proposed candidates are independent in relation to the Company according to the criteria set out in the code. Those aspects were verified during the candidacy procedure in accordance with legal provisions and the recommendations of the code.

### 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.

### 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 2022 financial year.

### President of the Supervisory Board

**Recommendation 15.3:** Telekom Slovenije deviates in part from this recommendation in 2021, as the President of the Supervisory Board also served as chair of the HR Committee from 4 November 2020 to 21 January 2021 and chair of the Nomination Committee that was appointed during that time.

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

**Recommendation 18.3:** Telekom Slovenije deviated in part from this recommendation in 2021, 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 for the Management Board

**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 Management Board members in 2021 and were appropriately evaluated in that process.

### Independence of members of the Supervisory Board and its committees

**Recommendation 23:** Telekom Slovenije deviated in part from this recommendation in 2021, 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 2021, 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 in the form of 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 members are 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 2021 because the justification of a proposal for shareholders at the 33rd General Meeting of Shareholders held on 18 June 2021 regarding the election of new members of the Supervisory Board did not include an assessment of potential conflicts of interest. There was likewise no information provided as to whether the proposed candidates are independent in relation to the Company according to the criteria set out in the code. Those aspects were verified during the candidacy procedure 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 2021 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. The Company does not disclose the remuneration and other rights of the management staff of subsidiaries in its annual report. It does, however, present that information for the three largest subsidiaries at the General Meeting of Shareholders.

### 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 is published on the Company's website at: <https://www.telekom.si/o-podjetju/upravljanje-druzbe/Opredelitev-glede-priporocil-in-pricakovanj-SDH-ANG-2020.pdf>.

## MANAGEMENT AND SUPERVISORY BODIES

Telekom Slovenije is a public limited company. Its bodies comprise the General Meeting of Shareholders, Supervisory Board and Management Board. The Company has a two-tier system of governance. It is managed by the Management Board and supervised by the Supervisory Board.

## GENERAL MEETING OF SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

We ensure the equal treatment and consistent exercising of the rights of all shareholders in accordance with the corporate governance system and a communication strategy for shareholders and other stakeholders.

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. 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.

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 the first paragraph of Article 298, the first paragraph of Article 300, Article 301 and Article 305 of the ZGD-1 are available on the Company's website at [<https://www.telekom.si/en/investor-relations/shareholders-meeting>].

Shareholders who are entered in the central register of securities at KDD [Central Securities Clearing Corporation] at the close of business seven 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 33rd General Meeting of Shareholders held on 18 June, when 80.76% 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 2020, on the remuneration of the Company's Management Board and Supervisory Board and the management bodies of subsidiaries in 2020, and on information regarding the remuneration of members of the management and supervisory bodies of the Company and the management bodies of its subsidiaries in 2020;
- approved the proposed use of distributable profit for the 2020 financial year;
- conferred official approval on the Management Board and Supervisory Board for the 2020 financial year;
- were briefed on the expiry of the terms of office of Supervisory Board members, and elected two new members to that body;
- defined the remuneration of members of the Supervisory Board; and
- authorised the Company's Management Board to purchase and dispose of treasury shares.

No challenges against resolutions adopted by the General Meeting 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 34th General Meeting of Shareholders for 2022 is planned for 16 June 2022.

## MANAGEMENT BOARD

### Composition of the Management Board

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. The Supervisory Board also takes into account the Policy Governing the Diversity of the Management Board and Supervisory Board when selecting candidates to serve as members of the Management Board. These conditions do not apply to the Workers' Director as member of the Management Board. The conditions and criteria that apply to the aforementioned person are defined jointly by the Supervisory Board and Works Council.

Telekom Slovenije's Management Board comprises five members who were appointed for a four-year term of office.

On 10 March 2021, Telekom Slovenije's Supervisory Board concluded an agreement with the President and three members of the Company's Management Board on the termination of their employment contracts and their recall from those positions. Accordingly, the terms of office of the President of the Management Board Tomaž Seljak, MSc and members Dr Vida Žurga, Matjaž Beričič, MSc and Tomaž Jontes were terminated, effective 10 March 2021. The Supervisory Board appointed Cvetko Sršen to serve as new President and Dr Mitja Štular and Tomaž Jontes to serve as members of the Company's Management Board. Their terms of office began on 10 March 2021.

On 22 March 2021, the Supervisory Board appointed Barbara Galičič Drakslar to serve as member of the Company's Management Board, effective 31 March 2021.

The composition of the Management Board was as follows in 2021:

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
<b>Cvetko Sršen</b>	President	Human Resource Management and General Affairs, Public Relations, Legal Affairs and Regulation, and Security, Compliance and Risk Management, and the subsidiaries: IPKO and TSinpo	10 March 2021	9 March 2025	Male	Slovenian	1966	Holds a master's degree in intercultural management.	GEN energija, d. o. o.  INFRA izvajanje investicijske dejavnosti, d. o. o.
<b>Tomaž Jontes</b>	Member	B2C, B2B, Central 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.
	Member		10 March 2021	22 March 2021					
	Vice-President		22 March 2021	9 March 2025					
<b>Dr Mitja Štular</b>	Member	ICT and Network Services, Access Networks and the subsidiaries: GVO, SIOL Zagreb, SIOL Podgorica, SIOL Sarajevo, SIOL Skopje, SIOL DOO Belgrade and SIOL Prishtina.	10 March 2021	9 March 2025	Male	Slovenian	1970	Holds a doctorate in electrical engineering.	
<b>Barbara Galičič Drakslar</b>	Member	Finance and Accounting, Controlling and Strategy, Wholesale Market, Procurement, Logistics and Real Estate, Internal Auditing and the subsidiary: TSmedia.	31 March 2021	30 March 2025	Female	Slovenian	1971	Holds a bachelor's degree in economics.	
<b>Špela Fortin</b>	Member of the Management Board and Workers' Director	Responsibilities derive directly from the law.	14 September 2019	13 September 2023	Female	Slovenian	1978	High school graduate.	
<b>Tomaž Seljak, MSc</b>	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	10 December 2019	Male	Slovenian	1972	Holds master's and bachelor's degrees in electrical engineering.	
	President		10 December 2019	10 March 2021					
<b>Dr Vida Žurga</b>	Member	Finance and Accounting, Controlling and Strategy, Wholesale Market, Procurement, Logistics and Real Estate, Internal Auditing and the subsidiary: TSmedia.	1 February 2019	22 January 2020	Female	Slovenian	1984	Holds a doctorate in science and a bachelor's degree in economics.	
	Vice-President		22 January 2020	10 March 2021					
<b>Matjaž Beričič, MSc</b>	Member	ICT and Network Services, Access Networks 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 master's and bachelor's degrees in electrical engineering.	



## 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, taking into account the principles of sustainable development and the interests of shareholders and other stakeholders. The areas of responsibility of specific Management Board members are set out in the Rules of Procedure of the Management Board to which the Supervisory Board grants its consent.

The Management Board met at 63 regular and nine correspondence sessions in 2021.

It dedicated special attention to the establishment of a national fifth generation [5G] network, and to the preparation and implementation of preventive measures following the declaration of the COVID-19 pandemic.

The Management Board adopted decisions regarding the following:

- the halting of the sale of TSmedia; and
- the halting of the merger of 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, transport, logistics and smart city services;
- the adaptation of network capacities as the result of the mass migration of users to work from home and distance learning;
- the adaptation of processes for business continuity during the pandemic;
- additional attention to ensuring 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 2021 are presented in the accounting report [41. Transactions with related parties](#).

## SUPERVISORY BOARD

### Composition of the Supervisory Board

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

When selecting candidates for Supervisory Board members, diversity in terms of knowledge, skills, experience and other personal circumstances of candidates [gender, age, education, etc.] is taken into account, in addition to the required level of qualifications, reputation and integrity.

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 Igličar, MSc, Marko Kerin and Radovan Cerjak to serve four-year terms of office, effective 22 January 2021. With the election of new members to the Supervisory Board, the terms of office of the following persons, who were appointed under the decision of Ljubljana District Court of 3 November 2020, were terminated: Boštjan Koler, Dimitrij Marjanović and Štefan Belingar, MSc.

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.

The terms of office of Supervisory Board members and shareholder representatives Barbara Kürner Čad and Barbara Gorjup, MSc expired on 27 April 2021. On 18 June 2021, the Company's General Meeting of Shareholders elected Karla Pinter and Dr Jurij Toplak to four-year terms of office as members of the Supervisory Board and shareholder representatives, effective on the day of their election by the General Meeting of Shareholders. On 22 June 2021, the Supervisory Board elected Karla Pinter, MSc to serve as Vice-President of the Supervisory Board.

On 21 October 2021, Telekom Slovenije's Works Council appointed Drago Kijevčanin, Dušan Pišek and Jana Žižek Kuhar to four-year terms of office as employee representatives on the Supervisory Board, effective 14 November 2021.

The composition of the Supervisory Board is diverse, as its members complement each other in terms of their expertise, competences, experience, age, gender, work method and other aspects. This facilitates the effective exchange of opinions and views at sessions.

The Supervisory Board comprised the following members in 2021:

Name	Office	First appointment to function	Completion of function/term of office	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
<b>Iztok Černoša</b>	President	22 January 2021	21 January 2025	Shareholder representative	20/20*	Male	Slovenian	1984	Holds a bachelor's degree in civil engineering / technology	YES	NO	Istrabenz Turizem, d. d., turizem in storitve	Managing Director of RGP d.o.o.
<b>Karla Pinter, MSc</b>	Vice-President	18 June 2021	17 June 2025	Shareholder representative	9/9*	Female	Slovenian	1982	Holds a bachelor's degree in law and a master's degree in law.	YES	NO	Slovenian Competition Protection Agency, Public Fund of the Republic of Slovenia for Regional and Rural Development	Director General of the Internal Market Directorate at the Ministry of Economic Development and Technology
<b>Radovan Cerjak</b>	Member	22 January 2021	21 January 2025	Shareholder representative	20/20*	Male	Slovenian	1967	Holds a bachelor's degree in law.	YES	NO	Slovenska tiskovna agencija, d. o. o., Ljubljana	Attorney at law
<b>Aleksander Igličar, MSc</b>	Member	22 January 2021	21 January 2025	Shareholder representative	20/20*	Male	Slovenian	1962	Holds a master's degree in economics / accounting.	YES	NO	Iskra Mehanizmi Holding, d. d. Lipnica, Slovenska tiskovna agencija, d. o. o., Ljubljana	Senior lecturer at the University of Ljubljana's faculty of economics
<b>Marko Kerin</b>	Member	22 January 2021	21 January 2025	Shareholder representative	20/20*	Male	Slovenian	1978	Holds a bachelor's degree in economics / accounting, auditing, business finance department, risk management.	YES	NO		Head of the office for monitoring and controlling the intra-group business operations and transactions of the Slovenske Železnice Group
<b>Dr Jurij Toplak</b>	Member	18 June 2021	17 June 2025	Shareholder representative	9/9*	Male	Slovenian	1977	Holds a bachelor's degree in law/ doctorate in constitutional law.	YES	NO	MEJA kmetijsko podjetje Šentjur, d. d.	Head of the Department of Public Law and a full professor in the area of law at the Faculty of Law at the University of Maribor. He is also the Managing Director and a full professor at Alma Mater Europaea ECM.
<b>Boštjan Koler **</b>	President	3 November 2020	21 January 2021	Shareholder representative	1/1*	Male	Slovenian	1961	Holds a bachelor's degree in law.	NO	NO		
<b>Barbara Kürner Čad **</b>	Vice-President	27 April 2017	27 April 2021	Shareholder representative	10/10*	Female	Slovenian	1964	Holds a bachelor's degree in law.	YES	NO		Attorney at the Čad Law Firm
<b>Barbara Gorjup, MSc **</b>	Member	27 April 2017	27 April 2021	Shareholder representative	10/10*	Female	Slovenian	1973	Holds a master's degree in science.	YES	NO		Managing Director of Baklus, d. o. o.
<b>Štefan Belingar, MSc **</b>	Member	3 November 2020	21 January 2021	Shareholder representative	1/1*	Male	Slovenian	1965	Holds a master's degree in science.	YES	NO		/
<b>Dimitrij Marjanović **</b>	Member	13 May 2016 3 November 2020	13 May 2020 21 January 2021	Shareholder representative	1/1*	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.
<b>Igor Rozman **</b>	Member	30 August 2019	21 January 2021	Shareholder representative	1/1*	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
<b>Drago Kijevčanin</b>	Vice-President	19 September 2018 (first term of office) 15 November 2021 (current term of office)	14 November 2021 14 November 2025	Employee representative	21/21	Male	Slovenian	1964	Telecommunications engineer/ technology.	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.
<b>Dušan Pišek</b>	Member	19 September 2018 (first term of office) 15 November 2021 (current term of office)	14 November 2021 14 November 2025	Employee representative	21/21	Male	Slovenian	1964	Telecommunications engineer/ technology.	YES	NO	NO	Telekom Slovenije, team leader in the ICT and Network Services organisational unit and President of the Works' Council.
<b>Jana Žizek Kuhar</b>	Member	19 September 2018 (first term of office) 15 November 2021 (current term of office)	14 November 2021 14 November 2025	Employee representative	20/21	Female	Slovenian	1974	Holds a bachelor's degree in economics/real estate management.	YES	NO	NO	Telekom Slovenije, expert in the Procurement, Logistics and Real Estate organisational unit, member of the Works Council.

\* Participation in sessions convened during the term of office of a specific member (number).

\*\* The data relate to the date on which the term of office ended.

## Work of the Supervisory Board

The Supervisory Board met at 15 regular and two extraordinary sessions, and held two correspondence sessions in 2021. It ensured the responsible and high-quality supervision of the operations of Telekom Slovenije 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. It is fully liable for the performance of its supervisory function and makes its 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 website of Telekom Slovenije].

## Composition and functioning of Supervisory Board committees

The Supervisory Board had four permanent committees: the Audit Committee, HR Committee, Strategy Committee and Marketing and Technology Committee. 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 2021 are described below:

Following change in the members of the Supervisory Board, that body reconstituted its committees on 11 February, 12 May and 22 June 2021.

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, where it functions for the good of the Company and protects the interests of its stakeholders.

In accordance with valid legislation, Telekom Slovenije's Supervisory Board decided that the tasks of the audit committee of Soline, which became a public interest entity in 2021, will be performed by the Audit Committee of Telekom Slovenije's Supervisory Board from 24 May 2021 on.

### The Audit Committee's members were as follows as at 31 December 2021:

- Aleksander Igličar, MSc [chair],
- Marko Kerin,
- Drago Kijevčanin,
- Barbara Gorjup, MSc – external member, and
- Dr Marko Hočevar – external member.

The composition of the Audit Committee changed in 2021. Barbara Gorjup, MSc chaired the Audit Committee until 27 April 2021. She was succeeded by Aleksander Igličar, MSc on 12 May 2021.

Dr Marko Hočevar was appointed external member of the Audit Committee on 11 February 2021, while Barbara Gorjup, MSc was appointed to that position on 22 June 2021.

Information regarding the members of the Audit Committee who are also members of the Supervisory Board in 2021 is presented in the table detailing the members of the Supervisory Board on page 7, while information regarding the external members is presented in the table below:

Name	Committee	Participation in committee sessions with respect to total number	Gender	Nationality	Level of education	Year of birth	Professional profile	Membership in supervisory bodies of other companies
<b>Dr Marko Hočevar</b>	Audit Committee	13/14*	Male	Slovenian	Holds a doctorate in economics.	1962	Accounting	Member of the Supervisory Board of Hidria holding, d. o. o.
<b>Barbara Gorjup, MSc</b>	Audit Committee	6/6*	Female	Slovenian	Holds a master's degree in science.	1973	Accounting, auditing, business finance, business valuation	
<b>Barbara Nose</b>	Audit Committee	1/1*	Female	Slovenian	Holds a bachelor's degree in economics and specialises in auditing and accounting.	1964	Auditing and accounting	

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



The Audit Committee met at eleven ordinary sessions, and held four correspondence sessions and two extraordinary sessions in 2021. 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 through the review of 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 2021 and the resolutions of Telekom Slovenije's Supervisory Board.

Key tasks performed by the Audit Committee in 2021 were as follows:

- it monitored and discussed financial reporting procedures, and monitored the progress of the external audit of the annual report and 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 2020;
- it discussed the Internal Audit Service's reports regarding audits performed and the implementation of issued recommendations;
- it discussed the annual report on the work of the Internal Audit Service for 2020, the service's work plan for 2021 and 2022, and the strategic plan of the Internal Audit Service for the period 2022 to 2026, and discussed the service's 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;
- in accordance with the Guidelines for Ensuring the Independence of the Auditor of the Annual Report and Financial Statements of the Telekom Slovenije Group and Telekom Slovenije, which define the methods and procedures for monitoring the independence and impartiality of the auditor, as well as protective measures, the selection of the auditor and procedures for non-audit services:
  - it discussed all transactions with audit firms and assessed the independence of the certified auditor of the annual report and financial statements of the Telekom Slovenije Group and Telekom Slovenije;
  - it monitored and assessed the quality of the work of the certified auditor for 2020; and
- it performed the tasks of the audit committee of Soline in accordance with the resolution of Telekom Slovenije's Supervisory Board.

The Director of the Telekom Slovenije's Internal Audit Service was invited to all sessions of the Audit Committee. The Audit Committee also invited the certified auditor 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 January 2021 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 regular sessions and one extraordinary session. Significant activities of the HR Committee included:

- implementation of the process of appointing Management Board members;
- 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 2021, 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 2020.

**The HR Committee's members were as follows as at 31 December 2021:**

- Radovan Cerjak (chair),
- Iztok Černoša,
- Marko Kerin,
- Drago Kijevčanin, and
- Dr Jurij Toplak.

The HR Committee was chaired by Boštjan Koler until 21 January 2021, and has been chaired by Radovan Cerjak since 11 February 2021. Dr Jurij Toplak was appointed member of the HR Committee on 22 June 2021. Information regarding the members of the HR Committee in 2021 is presented in the table detailing the members of the Supervisory Board on page 7.

The **Marketing and Technology Committee** met at three sessions. It discussed the Company's market position by key segment, as well as the marketing strategy. It also discussed activities in connection with the development of the 5G network and activities relating to the eCare service.

**The Marketing and Technology Committee's members were as follows as at 31 December 2021:**

- Dušan Pišek (chair),
- Aleksander Igličar, MSc, and
- Karla Pinter, MSc.

Dušan Pišek chaired the Marketing and Technology Committee until 11 February 2021, when the Supervisory Board appointed Aleksander Igličar, MSc to chair that

committee. Dušan Pišek was reappointed chair of the committee on 12 May 2021. Karla Pinter, MSc was appointed member of the committee on 22 June 2021.

Information regarding the members of the Marketing and Technology Committee in 2021 is presented in the table detailing the members of the Supervisory Board on page 7.

The **Strategy Committee** met at two sessions in 2021. At its first session, it discussed the draft strategy of TSmedia for the period 2021 to 2026. At its next meeting, it discussed the amended draft of TSmedia and the bases of the Strategic Business Plan of the Telekom Slovenije Group for the period 2022 to 2026.

**The Strategy Committee's members were as follows as at 31 December 2021:**

- Marko Kerin [chair],
- Radovan Cerjak, and
- Jana Žižek Kuhar.

The Strategy Committee was chaired by Štefan Belingar, MSc until 21 January 2021, and has been chaired by Marko Kerin since 11 February 2021.

Information regarding the members of the Strategy Committee in 2021 is presented in the table detailing the members of the Supervisory Board on page 7.

### 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 Supervisory Board members 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 Telekom Slovenije.

### Diversity policy

The aim of the Policy Governing the Diversity of the Management Board and Supervisory Board of Telekom Slovenije, d. d. [hereinafter: the Policy] is the improved effectiveness of the Management Board and Supervisory Board, and the increased 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/en/about-us/company/corporate-governance>.

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 together by the end of 2026. The Company achieved that objective in 2021 in terms of composition of the Management Board. With regard to the composition of the Supervisory Board, that objective was achieved in 2021 until the expiry of the terms of office of two female members of the Supervisory Board in April. The proportion of members accounted for by the under-represented gender is currently 22.22%.

In accordance with point 7 of the fifth paragraph 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 2021	Men	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 2021	Men	Women	Total
Number of Supervisory Board members	7	2	9
Proportion	77.78%	22.22%	100%

## 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 established risk management framework also includes a system of internal controls, which serves as the basis for the identification, assessment, management, reporting on and monitoring of risks, with the aim of responding and mitigating exposure to risks in a timely manner.

In connection with the financial reporting process, the system of internal controls ensures the appropriate management of risks, the ethical operations of Group companies, and reliable, timely and transparent external and internal financial reporting that is in accordance with the law, the adopted accounting framework and regulations, and the guidelines and policies of the Group. 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. Internal controls are regularly adapted to legislation, standards, processes, organisational changes, findings from self-assessments of internal controls, findings from other reviews, recommendations of internal and external audits, and best practices.

The owners of 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 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 2021. 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 2021: 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 2021.

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,  
President of the  
Management Board



Iztok Černoša,  
President of the  
Supervisory Board