



# [ THE STATUTE ]

OF BH TELECOM JOINT STOCK COMPANY SARAJEVO



Sarajevo, December 2023

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Pursuant to Article 121. of the Law of Economic Societies ("FBiH Official Gazette", No.: 81/15,75/21) and Article 49. item (1) q) and Article 154 (1) of the Statute of BH Telecom Joint Stock Company Sarajevo, No. 00.1-14-17072/20-2 dated 26 Feb., 2020, the Assembly of BH Telecom Joint Stock Company Sarajevo had the **79. (special) meeting on 22 Dec., 2023** and adopted the following

## THE STATUTE OF BH TELECOM JOINT STOCK COMPANY SARAJEVO



### I GENERAL PROVISIONS

#### Article 1.

BH Telecom Joint Stock Company Sarajevo (hereinafter: "the Company") was established according to the Decision made by the Government of the Federation of Bosnia and Herzegovina about giving a consent for the Reorganization Plan - organizational change of PE BH Telecom into joint stock company V No.: 677/03 dated 15 Dec., 2003 ("FBiH Official Gazette" No. 66/03) and the Decision made by the Government of the Federation of Bosnia and Herzegovina about giving consent for organizational change of PE BH Telecom into joint stock company V No.: 677/03 dated 15 Dec., 2003 ("FBiH Official Gazette" No. 1/04).

#### Article 2.

BH Telecom Joint Stock Company Sarajevo is the legal successor of the Public Enterprise BH Telecom Sarajevo, being registered in the Cantonal Court Register in Sarajevo in the Decision No.: UF/I-2/02 dated 08 Jan., 2002 and established after harmonization of documents and activities of the Company with the Law on Economic Societies ("FBiH Official Gazettes" No. 23/99, 45/00), Decision on Standard Classification of Activities ("FBiH Official Gazettes" No. 28/98, 36/98 and 47/98), Law on Public Enterprises in the Federation of Bosnia and Herzegovina ("RBiH Official Gazette" No. 4/92, 21/92 and 13/94) and other relevant laws.

#### Article 3.

(1) BH Telecom Joint Stock Company Sarajevo is the economic society being organized as an open joint stock company applying the best practices of corporate management.

(2) The Company is managed by the shareholders pursuant to the Law on Economic Societies ("FBiH Official Gazette" No. 81/15), Law on Securities Market ("FBiH Official Gazettes" No. 85/08, 109/12, 86/15 and 25/17), Rule Book on Joint Stock Companies Management ("FBiH Official Gazette" No. 19/10), other relevant laws, by-laws and this Statute.

#### Article 4.

This Statute governs the issues being important for the Company's legal status and appearance in transactions, basic capital and shares, management, status changes, termination of the Company and changes and additions to the Statute in accordance with applicable laws.



## II NAME, TRADEMARK AND HEAD OFFICE

### Article 5.

- (1) The name of the Company in Bosnian language is Dioničko društvo BH Telecom Sarajevo.
- (2) Shorter name of the Company in Bosnian language is BH Telecom d.d. Sarajevo.
- (3) The name of the Company in English language is BH Telecom Joint Stock Company Sarajevo.
- (4) Head office of the Company is located in Sarajevo, 7 Franca Lehara St.
- (5) The Company's name in Bosnian language can be used alone and the Company's name in English language can be used only together with its full name in Bosnian language.

### Article 6.

- (1) The Company has its trademark which is used for indication of its activities, services and products together with its name during its business and public communications.
- (2) The Company's logotype is composed of two (2) small Latin letters "bh" written together and the stylized big Latin letter "T". Textual abbreviation "bh" is written in the modified typography BlacklightD and the letter "T" is made of four (4) individual ellipses. The color of the logotype is orange.

### Article 7.

- (1) The Company has a stamp and a seal.
- (2) The stamp is round, having 45 mm diameter, name and head office of the Company written in Latin alphabet and the Company's emblem is in the middle. The stamp is used for certification of authenticity of a document signed by the authorized Company's person.
- (3) The seal is rectangular, having 70x25 mm dimensions, name and head office of the Company written in Latin alphabet. The seal is used for keeping records of all incoming documents.
- (4) The organizational parts of the Company have the stamp and the seal with the same content as in items (2) and (3) above, including the name and head office of certain organizational part.
- (5) The General Manager decides about utilization, maintenance and destruction of the stamp and the seal.

### Article 8.

- (1) All business letters and orders of the Company must include as follows:
  - a) full name and address of the Company's head office;
  - b) full name and address of the subsidiaries' head offices';
  - c) name and head office of the institution and the Company's registration number;
  - d) name and head office of financial organizations in which the Company has accounts and their numbers;
  - e) tax and identification number.
- (2) In addition to the Company's name, business letters and orders of the subsidiaries include the subsidiary's name and its head office address.
- (3) While corresponding with foreign companies, the Company can also use business letters from paragraph (1) in English language.



### III ACTIVITIES

#### Article 9.

The Company's activities include as follows:

- 17.23 Production of paper office supplies
- 18.11 Newspapers printing
- 18.12 Other printing
- 22.21 Production of plastic boards, sheets, pipes and profiles
- 22.22 Production of plastic packaging
- 22.23 Production of plastic construction products
- 22.29 Production of other plastic products
- 24.33 Cold shaping and profiling
- 25.11 Production of metal constructions and parts
- 25.12 Production of metal doors and windows
- 25.61 Metal surface processing and coating
- 25.62 Metal machine processing
- 25.71 Blade production
- 25.72 Production of locks and armatures
- 25.73 Production of tools
- 25.94 Production of bounds and screws
- 25.99 Production of other metal finished products
- 26.11 Production of electronic components
- 26.20 Production of computers and supporting equipment
- 26.30 Production of communication equipment
- 26.40 Production of commodity electronic devices
- 26.70 Production of optical instruments and photographic equipment
- 27.33 Production of electric installation material
- 28.23 Production of office machines and equipment (except for computers and supporting equipment)
- 28.25 Production of cooling and ventilation equipment, excluding households
- 32.99 Other processing industry
- 33.12 Repair of machines
- 33.13 Repair of electronic and optical equipment
- 33.19 Repair of other equipment
- 41.10 Organization of construction projects implementation
- 41.20 Construction of housing and non-housing complexes
- 42.11 Construction of roads and highways
- 42.12 Construction of railroads and subways
- 42.13 Construction of bridges and tunnels
- 42.21 Construction of liquid and gas pipelines
- 42.22 Construction of power and telecommunication lines
- 42.99 Construction of other civil engineering facilities
- 43.11 Removal of facilities
- 43.12 Preparatory works on construction site
- 43.13 Inspection of construction site through drilling and sounding
- 43.21 Electric installation works
- 43.22 Implementation of water supply, sewerage, gas, heating and air conditioning installations
- 43.29 Other construction installation works
- 43.31 Façade and plastering works
- 43.32 Carpentry installation
- 43.33 Installation of floor and wall claddings
- 43.34 Coloring and glass works
- 43.91 Installation of roof constructions and covering
- 43.99 Other special construction activities
- 45.20 Maintenance and repair of motor vehicles

- 45.40 Trading motorbikes, parts and accessories and their maintenance and repair
- 46.14 Mediation in machines, industrial equipment, ships and airplanes trading
- 46.19 Mediation in various products trading
- 46.43 Wholesale of electric household devices
- 46.47 Wholesale of furniture, carpets and lighting equipment
- 46.51 Wholesale of computers, supporting equipment and software
- 46.52 Wholesale of electronic and telecommunication parts and equipment
- 46.65 Wholesale of office furniture
- 46.66 Wholesale of other office machines and equipment
- 46.90 Non-specialized wholesale
- 47.41 Retail trade of computers, supporting units and software in specialized stores
- 47.42 Retail trade of telecommunication equipment in specialized stores
- 47.43 Retail trade of audio and video equipment in specialized stores
- 47.53 Retail trade of carpets, wall and floor claddings in specialized stores
- 47.54 Retail trade of electric household appliances in specialized stores
- 47.59 Retail trade of furniture, lighting equipment and other household appliances in specialized stores
- 47.63 Retail trade of music and video records in specialized stores
- 47.76 Retail trade of flowers, seedings, seeds, fertilizers, pets and pets food in specialized stores
- 47.78 Other retail trade of new goods in specialized stores
- 47.81 Retail trade of food, beverages and tobacco products on stands and markets
- 47.82 Retail trade of textile, clothes and shoes on stands and markets
- 47.89 Retail trade of other goods on stands and markets
- 47.91 Retail trade over postal services or Internet
- 47.99 Other retail trade out of shops, stands and markets
- 52.10 Storage of goods
- 52.21 Land transportation service
- 55.20 Resorts and similar facilities meant for a short vacation
- 55.90 Other accommodation
- 56.10 Restaurant and other facilities for food preparation and serving
- 56.29 Other activities for food preparation and serving
- 56.30 Beverages preparation and serving
- 58.11 Books publishing
- 58.12 Publishing of directories and users' address list
- 58.13 Publishing of newspapers
- 58.14 Publishing of magazines and periodical publications
- 58.19 Other publishing activities
- 58.21 Publishing of computer games
- 58.29 Publishing of other software
- 59.11 Production of movies, video content and TV program
- 59.12 Activities following after production of movies, video content and TV program
- 59.13 Distribution of movies, video content and TV program
- 59.14 Movies screening
- 59.20 Sound recording and music publishing
- 60.10 Radio program broadcasting
- 60.20 TV program broadcasting
- 61.10 Wire telecommunications
- 61.20 Wireless telecommunications
- 61.30 Satellite telecommunications
- 61.90 Other telecommunication activities
- 62.01 Computer programming
- 62.02 Computer consultations
- 62.03 Computer system and equipment management
- 62.09 Other services related to information technology and computers
- 63.11 Data processing, hosting services and referred activities
- 63.12 Internet portals
- 63.91 Activities of news agencies
- 63.99 Other information services

- 68.10 Purchase and sale of own real estate
- 68.20 Leasing and managing with own or rented real estate
- 69.20 Accounting, bookkeeping and revision; tax consultations
- 70.21 Public relations
- 71.11 Architecture except for professional production of planned documentation
- 71.12 Engineering and referred technical consultations
- 71.20 Technical inspection and analysis
- 73.11 Advertising agencies
- 73.12 Media advertising
- 73.20 Market researches and public opinion surveys
- 74.10 Specialized designer activities
- 74.20 Photographic services
- 74.30 Translation and court interpreter services
- 77.11 Leasing of cars and light motor vehicles
- 77.12 Leasing of trucks
- 77.29 Leasing of other items for personal usage and household
- 77.31 Leasing of agricultural machines and equipment
- 77.32 Leasing of construction machines and equipment
- 77.33 Leasing of office machines and equipment (including computers)
- 77.39 Leasing of other machines, equipment and goods
- 77.40 Leasing of rights on utilization of intellectual property and similar products, except for works protected by copyrights
- 81.21 Basic cleaning of buildings
- 81.22 Other activities referring to cleaning of buildings and facilities
- 81.29 Other cleaning services
- 82.11 Combined office administration services
- 82.20 Call Center
- 82.30 Organization of business meetings and fairs
- 82.91 Activities of clearing agencies and credit offices
- 93.29 Other entertaining and recreation activities
- 95.11 Repair of computers and supporting equipment
- 95.12 Repair of communication equipment
- 95.21 Repair of electronic consumer goods

#### **Article 10.**

Within its activities stated in Article 9. of this Statute, the Company is also in charge of foreign trade services as follows:

- a) goods import and export within its registered activities;
- b) foreign persons representation and consignment;
- c) international transportation of goods and services;
- d) mediation and representation during goods and services turnover;
- e) foreign trade business in free zones;
- f) goods and services export collected through goods and services import having the same value (compensations); and
- g) registered services.

#### **Article 11.**

The General Manager of the Company is authorized to represent the Company and to conclude contracts in the field of foreign trade in compliance with valid laws.

#### **Article 12.**

The General Manager of the Company and the responsible member to the Management are obliged to sign contracts worth more than 10.000 KM.



## IV BASIC CAPITAL

### Article 13.

- (1) The basic capital of the Company amounts to 634.573.580,00 KM.
- (2) The basic capital of the Company, stated in above item of this Article, is divided to 63.457.358 ordinary shares having the same class and nominal value of 10 KM each.
- (3) The basic capital of the Company can be increased or decreased.

### Article 14.

- (1) The basic capital amount, number, class and nominal value of the Company's shares can be changed according to decision made by the two-thirds majority votes of the Assembly pursuant to Article 50. of this Statute.
- (2) The Supervisory Board can be authorized for making decisions about the basic capital increase in accordance with this Statute or decision of the Company's Assembly.
- (3) Changes in the basic capital are registered in compliance with the Statute or changes in the Statute.
- (4) The basic capital increase and decrease are registered in the Issuers Registry with the Securities Commission of Bosnia and Herzegovina (hereinafter: the Commission).
- (5) The basic Company's capital increase and decrease become legally valid upon registration of changes in the Issuers Registry.

### **Basic Capital Increase**

### Article 15.

- (1) The basic capital increase is performed according to decision of the Company's Assembly, upon the Supervisory Board's proposal, made by the two-thirds majority voting shares per each class of shares, in compliance with applicable laws.
- (2) The Supervisory Board is authorized to decide on the basic capital increase as follows:
  - a) issuing new shares;
  - b) from the Reserve Fund, amounting to minimum 25% of the basic Company's capital;
  - c) issuing shares for employees resulting from profit;
  - d) turning the creditor's outstanding debts into the debtor's basic capital pursuant to the Law on Financial Consolidation of Economic Societies in the Federation of Bosnia and Herzegovina.
- (3) In the cases a) and b) above, the basic capital increase can be done up to maximum one third (1/3) of the basic capital amount on the decision-making day.
- (4) Authorization stated in item (2) of this Article is valid maximum five years from the day when this Statute takes effect.
- (5) The method for assessment of things and rights, whose registration results in payment of new shares, will be defined in the special decision of the Assembly.



## **Non-Payment of Registered Shares**

### **Article 16.**

The shareholder is obliged to pay the registered shares price defined during their issue, as follows:

- a) in full amount in the deadline for registration and payment and when defined in relevant decision about their issue;
- b) when, upon a decision about their issue, it is possible to effect payment in installments, total amount of premium shares and 30% of their nominal value at shares registration, and the remaining amount is paid in installments within six months from the date of completion of shares registration the latest;
- c) total amount of premium shares and 50% of nominal value of a share or its price during its issue before registration of integrated basic capital increase in the issuer's registry, and the remaining amount is paid in installments within six months from the date of completion of shares registration the latest;
- d) in full amount before registration of the basic capital increase in the issuer's registry, if the shares are fully or partially paid upon registration of things and rights.

### **Article 17.**

When payment of new issue shares is effected in installments, grounded on the depositor's report on payment of the last installment, the Management is obliged to furnish the Commission and Securities Registry in the Federation of Bosnia and Herzegovina (hereinafter: "the Registry") with a report on share registers who paid the full amount for shares.

### **Article 18.**

(1) When payment of new issue shares is effected in installments, the Company is obliged to send a written notice, through the depositor, for the share register who did not pay individual installment in its due date to pay the full remaining amount within 30 days from the due date, and to warn him that he will be excluded from the Company if he does not fulfill that obligation.

(2) Grounded on the depositor's report, within eight days from receipt, the Supervisory Board will exclude from the Company the share register who does not effect payment of the remaining amount, in line with the previous item of this Article, and the Management is obliged to register the decision about it with the shareholders list in the Registry and Book of Temporary Notices, to announce it in minimum one daily newspapers published in the Federation of Bosnia and Herzegovina and to send it to the share register through registered mail eight days from the decision-making day the latest.

(3) Together with the decision stated in item (2) of this Article, the Management is obliged to send a written invitation for the share register to return the temporary notice to the Company within 30 days from making decision stated in item (2) of this Article the latest, warning him that his temporary notice will become invalid after expiration of that deadline. The Supervisory Board will declare the temporary notice invalid pursuant to the Law on Economic Societies and this Statute.

## **Basic Capital Decrease**

### **Article 19.**

(1) The Company can decrease its basic capital in order to do the following:

- a) allocation of a part of business loss remaining after previous loss allocation for the account of share premium, preserved profit and Reserve Fund;
- b) transfer of a part of the basic capital, up to 10% of total amount, to Reserve Fund to cover future business loss;
- c) adjustment of the basic capital amount with changes in value and structure of the property or volume and business efficiency of the Company.

(2) The Company's basic capital cannot be decreased below the smallest legally defined amount of the basic capital of a joint stock company.

(3) The basic capital decrease must not make effect on fulfillment of obligations toward the Company's creditors.

#### **Article 20.**

The basic capital decrease is done according to decision of the Company's Assembly, upon the Supervisory Board's proposal, made by the two-thirds majority voting shares per each class of shares, in compliance with applicable laws.



## **V SHARES AND SHAREHOLDERS**

### **Shares**

#### **Article 21.**

- (1) The Company's shares are dematerialized, indivisible and have the holder's name on.
- (2) Single share can include several authorized persons, being represented by one of them or by a third person as their proxy in the Company.
- (3) Shares are limitlessly transferrable and can be subject to lien, rights resulting from property utilization, purchase right and pre-emption right in line with applicable laws. Shares turnover can be limited by valid laws or by-laws of the Commission and it can be also limited by the Company in legal cases and by the shareholder in favor of a third person. Share transfer can be banned by relevant court and other body's decision, as well as by the Commission in legal cases and according to by-laws of the Commission.
- (4) The Company's consent is not necessary for transfer of lien, rights resulting from property utilization, purchase right and pre-emption right referring to shares.
- (5) Share transfer results in transfer of all rights included in certain share.
- (6) Share property right is acquired upon share registration in the Registry for the account of the shareholder. The grounds for acquiring and transfer of property include a legal affair, decisions on share issue, decision of court or another competent body and valid laws.
- (7) Share rights are acquired, limited or terminated upon proper registration in the Registry, and the grounds for acquiring and limitation of share rights include a legal affair, decision of court or another competent body, valid laws and other regulations, i.e. the issuer's by-laws defined by applicable laws.

#### **Article 22.**

- (1) Possession of shares results in the membership in the Company.
- (2) Shareholder is unable to resign from the Company if he gives up from his membership right.
- (3) Membership right in the Company is terminated after share transfer, shareholder's exclusion from the Company because of his non-payment for shares and termination of the Company, except in the case of making an affiliation or merger with another company.

#### **Article 23.**

- (1) Membership right in the Company includes management and property rights exercised by shareholders in compliance with applicable laws, this Statute, regulations of the Commission and decisions of the Assembly.
- (2) The shareholder's managing rights include the following:
  - a) participation in the Assembly's work and decision-making, voting, including cumulative voting;

- b) submission of request for scheduling the Assembly meeting and direct calls for the Assembly meeting in line with Article 43. of this Statute;
- c) proposal of changes in the agenda and the Assembly's decisions according to Article 42. of this Statute;
- d) inspection of documents and timely and regular receipt of relevant information about the Company;
- e) proposal of candidates for membership to the Supervisory and Audit Boards and participation in their selection pursuant to Articles 61. and 105. of this Statute;
- f) denial of the Assembly's decisions.

(3) The shareholder's property rights include as follows:

- a) participation in profit share;
- b) share pre-emption right;
- c) share transfer;
- d) submission of request for share purchase to the Company;
- e) participation in profit share after bankruptcy or liquidation of the Company.

(4) Property rights included in a share can be transferred and submissive to lien.

#### **Article 24.**

- (1) The Company can issue shares with different classes, when shares from the same class have the same rights.
- (2) The Company cannot issue shares having more than one voting right per share and shares without any voting right.
- (3) The Company's shares have indication of their class, except for ordinary shares.
- (4) The class, number and nominal value of shares are determined through decisions made by the Assembly and /or Supervisory Board of the Company about increase or decrease of the basic capital, conversion, denomination, merger or division of shares, and those decisions replace relevant provisions of this Statute becoming its integral part.

#### **Article 25.**

- (1) The Company can decide to issue the special class of shares meant for the Company's employees through decisions made by the Assembly and/or Supervisory Board in accordance with Article 15. of the Statute.
- (2) The sum of nominal values of all shares meant for employees cannot exceed 5% of the basic capital of the Company.
- (3) The employees' shares have the same rights as ordinary shares, except in legal cases.
- (4) The employees' shares can be transferred only to other Company's employees.
- (5) Rights included in employees' shares terminate after the employee's death or his employment termination. The Company is obliged to buy employees shares and to pay fair market price on the date of the employee's capacity termination.
- (6) The Company is obliged to share acquired shares of employees, whose capacity terminated, to other employees within 12 months from that acquisition the latest.

#### **Profit Participation Right**

#### **Article 26.**

- (1) The shareholder, being in the Company's shareholders' list, stored in the Registry, on the day of passing the Assembly's decision about profit distribution, is entitled to take part in profit through collection of monetary dividend or acquisition of free shares pursuant to valid laws and decision made by the Assembly.

(2) The dividend is paid proportionally to nominal value of shares, and with respect to shares not being fully paid, proportionally to effected payments and time from the payment date up to the end of the business year for which the dividend is paid.



## VI RESERVE FUND

### Article 27.

- (1) The Company has the Reserve Fund amounting to at least 25% of the basic capital of the Company.
- (2) The Reserve Fund is established on the basis of profit distribution last business year, from retained profit from previous years and share premium.
- (3) Payment in the Reserve Fund is effected pursuant to provisions of the Law on Economic Societies.

### Article 28.

The Reserve Fund is used to cover loss and other unpredictable expenses of the Company.

### Article 29.

The Reserve Fund above the obligatory amount stated in Article 27. (1) of this Statute can be also used for:

- a) supplementing the profit shared with shareholders, i.e. maximum up to 5% of the basic capital,
- b) increasing the nominal value of existing shares, and
- c) issuing free shares.



## VII DIVIDEND

### Article 30.

- (1) The Assembly decides about distribution of profit/dividend during its decision-making about the annual financial report based on the Supervisory Board's proposal, together with reports of the external auditor, Supervisory Board and Audit Board.
- (2) The Assembly is able to decide about payment of dividend after making profit in the reporting period and the Company is able to fulfill its duties, when:
  - a) loss from the previous accounting period is fully covered;
  - b) money is set aside for the Reserve Fund pursuant to Article 27. of this Statute;
  - c) profit tax is calculated in compliance with applicable laws.

### Article 31.

- (1) The Assembly can decide that dividend for the ordinary and employees shares is not paid and it must define the purpose of that profit part in the same decision.
- (2) The Company is also obliged to pay dividend based on the priority shares also in the case that the total profit amount and a part of the Reserve Fund is above the obligatory amount, stated in Article 27 (1) of this Statute, enough for payment of dividend only.
- (3) While making decision on payment of dividend, the Assembly will take into consideration legal restrictions concerning payment of dividend, applying the best practices for the Company's field of work.

(4) Decision on payment of dividend consists of the following: profit amount for payment of dividend, amount per share, date when the shareholders' list is made for payment of dividend, payment date, provision about the method and deadline for announcing dividend payment information, when the payment deadline must be the same for all shareholders.

(5) Accounting and payment of dividend can be done over the Registry as well.

(6) Outstanding debts based on shareholders' dividend rights become outdated in compliance with the Law on Obligations in FBiH.



## VIII LOSS

### Article 32.

(1) The Assembly is obliged to decide about covering its business loss during its decision-making about the semi-annual and/or annual financial report, together with reports of the external auditor, Supervisory and Audit Boards, for relevant reporting period.

(2) Loss coverage is carried out in the following order and for the account of:

- a) the Reserve Fund;
- b) retained profit;
- c) share premiums; and
- d) basic capital.

(3) In the case of loss coverage for the account of the basic capital, the Assembly also decides on decrease of the basic capital in line with the provisions of this Statute.

### Article 33.

(1) When the Company presents a loss in its annual or semi-annual account whose amount is higher than the sum of one third (1/3) of the basic capital and the obligatory amount of the Reserve Fund stated in Article 27. (1) of this Statute, or during business circumstances indicating that the value of the Company's property is lower or could be lower than the obligatory amount till the year end, the Supervisory Board is obliged to schedule the Assembly meeting fifteen days from the day of that loss or occurrence of the stated circumstances the latest.

(2) In the case stated in previous item of this Article, based on the Supervisory Board's report consisting of financial material balance, profit and loss statements and external auditor's report, the Assembly makes decision about continuation of business operations or termination of the Company.



## IX MANAGEMENT

### Article 34.

The Company is composed of the following bodies:

- a) the Assembly;
- b) the Supervisory Board;
- c) the Management; and
- d) the Audit Board.

## **1. Assembly**

### **Article 35.**

- (1) The Assembly is composed of shareholders.
- (2) Present shareholder or a shareholder's proxy having the largest number of voting shares presides over the Assembly until the chairman of the Assembly is selected.
- (3) The Assembly selects the chairman and two verifiers of the Assembly by majority votes by acclamation among present shareholders and their proxies.
- (4) Chairman and members to the Supervisory and Audit Boards, General Manager and other members to the Management are obliged to be present at the Assembly meetings.

### **Article 36.**

- (1) There are regular and special meetings of the Assembly.
- (2) Regular Assembly meeting is held once a year for the purpose of reporting about the Company's annual report which includes financial reports of the Company, reports of the auditor, Supervisory and Audit Boards and other issues from the Assembly's jurisdiction.
- (3) Special Assembly meeting can be held whenever it does not include taking a stand about reports stated in previous item.

## **Assembly Meeting Schedule**

### **Article 37.**

- (1) The shareholders' Assembly meeting is scheduled and held when it is defined by valid law, other regulations and this Statute and when it is concluded that it is for the best interest of the Company and its shareholders, minimum once a year, for the purpose of taking a stand about annual report which includes financial reports of the Company, reports of the auditor, Supervisory and Audit Boards, and proposals on decisions about profit distribution and dividend payment, or loss distribution method, six months after completion of referred business year the latest.
- (2) The Shareholders' Assembly meeting is initiated and scheduled by the Supervisory Board, based on the proposal of the Management, members to the Supervisory or Audit Boards or request submitted by the authorized shareholders, and it can be scheduled by the authorized shareholder or a group of shareholders having more than 10% of total number of ordinary voting shares, i.e. shareholder or a group of shareholders having priority shares making 5% of all voting shares in line with applicable law.
- (3) The shareholder, being in the shareholders' list, stored in the Registry thirty days prior to date defined for the Assembly meeting or last working day before that deadline if a day off is in question, has right to make decisions at the Assembly meeting.
- (4) The Company bears costs of the Assembly meetings, excluding the shareholders' costs.
- (5) The Voting Committee, having at least three members and deputy appointed by the Supervisory Board through the decision on scheduling the Assembly meeting, defines the quorum and voting results at the Assembly meeting.

#### **Article 38.**

- (1) The shareholders or their proxies, who applied to the Voting Committee directly, through registered mail, fax or e-mail message, three days before the date scheduled for the Assembly meeting the latest, can attend the Assembly meetings.
- (2) Each shareholder must show his identification document to the Voting Committee, i.e. authorized person, three days before commencement of the scheduled Assembly meeting the latest, while the proxy must submit his power of attorney as well.
- (3) Registration for participation in work, decision-making and definition of shareholders representation at the Assembly meetings are specified in the Assembly Rules of Procedure.

#### **Article 39.**

The Supervisory Board is obliged to announce information about scheduling the Assembly meeting in at least one daily newspapers, being published in the Federation of Bosnia and Herzegovina, 21 days prior to the date of scheduled regular Assembly meeting the latest, i.e. 14 days prior to the date of scheduled special Assembly meeting, which must include as follows:

- a) name and address of the Company's head office;
- b) date of decision about scheduling the Assembly meeting;
- c) date of submission, full name or name and capacity of the submitter if the Assembly is scheduled upon request defined in Article 37 of this Statute;
- d) time and place of the Assembly meeting;
- e) method and deadline for registration for participation in work and decision-making of the Assembly and the method for giving power of attorney;
- f) agenda of the meeting;
- g) time and place meant for showing papers referring to the Assembly agenda;
- h) indication of items of the agenda being subject to decision-making through separate voting per classes of shares.

#### **Article 40.**

- (1) If the Assembly meeting is scheduled out of the Company's head office, the Supervisory Board is obliged, according to deadlines specified in Article 39., to send information about scheduling the Assembly meeting to each shareholder's address from the shareholders' list obtained from the Registry, by registered mail, telefax or electronically.
- (2) In addition to announcement and delivery of information specified in Article 39. and above item of this Article, the Supervisory Board must also make the additional announcement in accordance with Article 240. of the Law on Securities Market and regulations of the Commission.

#### **Article 41.**

- (1) The Company is obliged to announce information about scheduling the Assembly meeting defined in Articles 39. and 40. of this Statute on its web page too.
- (2) The Company can announce proposals for all decisions and documents to be considered at the Assembly meeting on its web page as well.
- (3) The Company is obliged to send invitation for the Assembly meeting, including the agenda and documents for each item of the agenda, to the FBiH body defined in the Directive on Performing Authorizations in Economic Societies with State Capital Participation from the FBiH jurisdiction (hereinafter: "the Directive") which gives authorizations grounded on the state capital participation in economic societies, fifteen days before the date of the Assembly meeting the latest.



#### **Article 42.**

(1) The shareholder or a group of shareholders, having at least 5% of the total number of voting shares, are entitled to suggest to the Supervisory Board in writing to change the agenda and proposal of decisions at next Assembly meeting, always before announcing information on the Assembly meeting, as well as to change the agenda and proposal of decisions at the Assembly meeting being scheduled, within eight days from the date of announcing information on the Assembly meeting the latest. The Supervisory Board must proceed with the suggested change in compliance with applicable laws.

(2) The Supervisory Board is obliged to announce information about amendment to the Assembly's agenda, i.e. shareholders proposals, the same way and in the same daily newspapers in which information about scheduling the Assembly meeting was published, within eight days from expiration of the deadline stated in previous item of this Article the latest.

(3) The Company bears costs of publishing individual proposals from item (1) of this Article having up to 100 words and the proposer bears costs of publishing individual proposals having more than 100 words.

#### **Article 43.**

(1) The request for scheduling the Assembly meeting can be submitted by:

- a) shareholder or a group of shareholders having over 10% of total number of voting shares;
- b) member to the Supervisory Board; and
- c) member to the Audit Board.

(2) If the Supervisory Board does not announce information about scheduling the Assembly meeting within fifteen days from the day of request submission, the submitter from previous item of this Article is authorized to call directly for the Assembly meeting the same way and he must notify the Securities Commission about it in writing.

(3) The persons stated in item (1) of this Article are authorized to call directly for the Assembly meeting without previous request submission to the Supervisory Board in the case that the Supervisory Board did not schedule the Assembly meeting five months upon expiration of the business year, for the purpose of taking a stand about the Company's annual report consisting of financial report and reports of the auditor, Supervisory and Audit Boards.

(4) If the request submitter stated in item (1) of this Article calls for the Assembly meeting directly, he is obliged to define proposals of decisions of the scheduled Assembly meeting and to enable shareholders to exercise their rights from Article 235. of the Law on Economic Societies, and he can oblige the Secretary of the Company to select members to the Assembly's bodies, to announce information about scheduling the Assembly meeting in line with Article 230. of the Law on Economic Societies and to perform all other activities found important for organization of the Assembly meeting.

#### **Article 44.**

The Supervisory Board, whose mandate expired, can schedule the Assembly meeting if it is not scheduled by shareholders and the Audit Board pursuant to Article 43. of this Statute, in order to appoint another Supervisory Board, within thirty days after its mandate expiration the latest. Only the annual business report of the Company and issues from Article 33. of this Statute can be considered at so scheduled Assembly meeting, in addition to appointment of new Supervisory Board.

#### **Article 45.**

The member to the Supervisory Board is authorized to submit a request stated in Article 43 (1) of this Statute in the following cases:

- a) the Supervisory Board's meeting was not held more than five months;
- b) the Supervisory Board did not get and/or consider the Management's report on business operations after semi-annual or annual accounting within ninety days after the date of the report preparation the latest;



- c) the Supervisory Board did not appoint the new Company's General Manager after discharging or expiration of the predecessor's notice in accordance with the provisions of this Statute;
- d) a member to the Supervisory Board performs an activity considered as competitive to the Company's activities contrary to the provisions of this Statute, or he did not report a conflict of interests to the Supervisory Board in line with the provisions of this Statute.

#### **Article 46.**

The Audit Board member is authorized to submit a request from Article 43 (1) of this Statute in the case that the shareholders' interests are jeopardized or there are irregularities in the Supervisory Board, General Manager and Management operations.

### **Organization and Decision-Making**

#### **Article 47.**

- (1) The Assembly can make decisions if shareholders having more than 30% of total number of voting shares are present at the meeting, in person or through their proxies.
- (2) If, after expiration of sixty minutes from the time scheduled for commencement of the Assembly meeting, the quorum important for decision-making from item (1) of this Article is not reached, the meeting will be postponed and the convener must announce information on another Assembly meeting within three days pursuant to provisions of Articles 39., 40. and 41. of this Statute, indicating that the repeated meeting is in question.
- (3) Information stated in item (2) of this Article must be announced at least ten days prior to the date specified for the repeated meeting of the Assembly.
- (4) In the case defined in item (2) of this Article, the Assembly can make decisions if the shareholders having more than 10% of total number of voting shares are present at the meeting, in person or through their proxies.
- (5) If the agenda includes issues submissive to voting separately per classes of shares, the quorum stated in items (1) and (4) of this Article will be defined according to classes of shares.
- (6) While establishing the level of shareholders' presence, the total number of voting shares does not include the shares owned by the Company in line with applicable laws.
- (7) Exceptionally, the Chairman of the Assembly can stop the Assembly meeting for the maximum 15-day period and he must define the time and place for the meeting to continue. The agenda of the continued Assembly meeting cannot be changed.

#### **Article 48.**

- (1) The Assembly meeting, being scheduled, can be cancelled before it is held in the following cases:
  - a) if, after scheduling the Assembly meeting and within eight days from announcing information about the Assembly meeting, valid proposals on selection and appointment of members to the Supervisory or Audit Boards, as one of the items of the agenda, are not received;
  - b) if the convener concludes that technical or other conditions, important for legal work of the Assembly, cannot be provided in predetermined deadline;
  - c) if the convener, according to the then circumstances, concludes that it is for the best interest of the Company and its shareholders, for which he must give his explanation.
- (2) The Supervisory Board, i.e. another authorized convener, decides about cancellation of the Assembly meeting.
- (3) Information about cancellation of the Assembly meeting is announced the same as information about its scheduling, i.e. three days before already defined date the latest.

#### Article 49.

- (1) The Assembly makes decisions about the following:
- a) increase and decrease in the basic capital, except in the cases when the Supervisory Board is authorized for decision-making in compliance with Article 15. of this Statute;
  - b) issue of new shares within already existing or new class and issue of bonds and other debt securities;
  - c) limitation or exclusion of pre-emption rights for new shares in the decision on issue of new shares within already existing or new class;
  - d) adoption of the Company's annual report which includes financial report and reports of the auditor, Supervisory Board and Audit Board;
  - e) profit distribution;
  - f) dividend payment;
  - g) external auditor selection;
  - h) loss covering method;
  - l) approvals of decisions made by the Supervisory Board about giving donations pursuant to applicable laws and by-laws of the Company;
  - j) merger with other companies and affiliation of other companies to the Company or the Company to another company;
  - k) change in the form and partition of the Company;
  - l) termination of the Company upon liquidation and approval of initial liquidation balance and final settlement after liquidation procedure;
  - m) purchase, sale, exchange, lease and other property transactions, directly or through its subsidiaries, in a business year at the level higher than 33% of the book value of the Company's property based on the financial material balance at the end of previous year, proposed by the Management and Supervisory Board;
  - n) individual selection and dismissal of members to the Supervisory Board;
  - o) individual selection and dismissal of members to the Audit Board;
  - p) foundation, reorganization and liquidation of subsidiaries and approval of their statutes, integration with a holding, concern, business association and other forms of integration of companies, proposed by the Supervisory Board;
  - q) remunerations of the members to the Supervisory Board and Audit Board;
  - r) adoption of the Statute, amendments to the provisions of the Statute not being related to issues stated in a), b), j) and k) of this Article or other issues about which the Assembly makes special decisions, whose legal effect includes a change in relevant provisions of this Statute, in line with valid laws or this Statute. The Assembly makes special decisions whose legal effect includes a change in corresponding provisions of the Statute;;
  - s) deduction of fixed assets;
  - t) the Rules of Procedure proposed by the Supervisory Board;
  - u) business plan, i.e. revised business plan, proposed by the Supervisory Board;
  - v) adoption of the Company's Code of Ethics and Corporate Management Code proposed by the Supervisory Board;
  - w) other issues being important for business operations of the Company in accordance with applicable laws and this Statute.
- (2) The Assembly furnishes the Parliament of the FBiH with its work reports at least once a year.
- (3) The business plan stated in item (1) u) of this Article has all elements of a business plan, i.e. revised business plan, especially the following:
- a) forecasts of revenues and expenses;
  - b) capital expenses proposed in the business plan period;
  - c) financial sources proposed for stated capital expenses and other business goals;
  - d) all loans planned in the business plan period;
  - e) guarantees proposed for provision of those loans;
  - f) proposals for foundation or purchase of new enterprises or operations (fully or partially) or sale of any subsidiary of public enterprise, personnel engagement and supporting expenses for these activities;
  - g) proposals for profit utilization and distribution in the business plan period;
  - h) plan of revenues and expenses which must reflect activities planned in the Company.

#### **Article 50.**

(1) The Assembly decides about the issues stated in Article 49. item (1) a), b), j), k), p) and r) of this Statute by the two-thirds (2/3) majority voting shares, including a separate voting per classes of shares. The other issues are subject to decision by more than half majority voting shares, except for selection of members to the Supervisory Board being performed in line with the provisions of Article 64. of this Statute, while decisions about donations are approved pursuant to the Law on Donations of Publicly Owned or Controlled Enterprises in FBiH.

(2) In terms of previous item of this Article, two-thirds (2/3) majority voting shares are considered to be 66,66% rounded up to whole number of shares plus one share and more than half majority voting shares are considered to be 50% rounded up to whole number of shares plus one share related to the total number of voting shares in the Assembly.

(3) The Assembly must take a stand about reports and proposals of decisions stated in Article 49. item (1) d), e), f) and h) of this Statute within six months after referred business year the latest.

#### **Article 51.**

(1) Shareholder is entitled to take part in work and decision-making of the Assembly in person or through his proxy.

(2) One shareholder can be represented by only one proxy at the Assembly meeting.

(3) Power of attorney for taking part in work and decision-making of the Assembly is issued after announcement of information about the Assembly meeting as a certified written statement signed by the shareholder and his proxy. Together with identification document of the shareholder and his proxy, the power of attorney is delivered to the Company in person, through registered mail, fax or e-mail message within three days until the day scheduled for the Assembly meeting the latest, and its original copy is submitted at the Assembly meeting.

(4) Power of attorney issued for participation in scheduled Assembly meeting is applicable for the repeated Assembly meeting as well.

(5) Power of attorney terminates if a shareholder is registered to take part and attend the Assembly meeting with a clear intention to vote, if power of attorney is issued for another person or cancelled with a certified written statement signed by the shareholder, taking effect on the date of its submission to the Company and the date of the shareholder's registration with the Share Transfer Registry.

(6) The proxy is obliged, prior to the scheduled Assembly meeting and pursuant to the Rules of Procedure, to furnish the Voting Committee with his application to take part in work and decision-making of the Assembly, showing his identification document too.

(7) The Voting Committee must check validity of the proxy's power of attorney and identity.

(8) In addition to every professionally capable physical person, a proxy can be a legal person registered for mediation during securities sale and an association being a legal person established and registered in order to merge and represent shareholders and, in such cases, legal representative of such legal person fulfills his duties within his power of attorney.

#### **Article 52.**

The shareholders can be familiarized with the materials, being prepared for the Assembly meeting, in the Company's head office each working day from 09:00 to 14:00 hours, three days prior to the date of the Assembly meeting the latest.

**Chairman of the Assembly, Voting Committee,  
Recording Secretary and Verifiers**

**Article 53.**

(1) The Chairman of the Assembly presides over the Assembly, being authorized and liable especially for the following: to open the Assembly meeting, to define and announce that the Assembly meeting is correctly scheduled, to define and announce, upon a written report of the Voting Committee, that there is a quorum, to define and announce, upon a written report of the Supervisory Board, the final agenda, to provide for the agenda to be correctly followed, to define order or priorities, to give and take away the word during a verbal presentation of shareholders and other authorized participants in the Assembly meeting, to put a limitation, if necessary, to a participant's discussion and to take other measures in order to enable for the Assembly meeting to be successful and uninterrupted, to define and announce, upon a written report of the Voting Committee, decisions of the Assembly for each item of the agenda, to conclude work of the Assembly and to sign the minutes and decisions made by the Assembly.

(2) These issues will be treated more thoroughly in compliance with the Rules of Procedure if needed.

**Article 54.**

(1) Voting at the Assembly meeting is performed by means of ballot papers whose form and content is defined in the Rules of Procedure.

(2) Voting is done as follows:

- a) checking the replies "for" or "against" a proposal of a decision, or
- b) checking the candidates' names during selection or dismissal of the Company's bodies,
- c) based on acclamation in line with Article 35. (3) of this Statute and, exceptionally, other issues about which the Assembly decides.

(3) Voting results are defined by the Voting Committee composed of the chairman and two members being appointed from the shareholders and/or employees of the Company.

(4) The members to the Management or Supervisory Board cannot be the members to the Voting Committee, as well as persons having 5% or more voting shares of the Company and persons being under their significant influence or control.

(5) The Voting Committee is authorized and liable for definition of the voting shares number for which it was applied for participation in work and decision-making of the Assembly, pursuant to provisions of Article 38. of this Statute.

(6) Prior to the Assembly meeting, the Voting Committee is obliged as follows:

- a) to make a list of present shareholders, their representatives and proxies;
- b) to verify the validity of powers of attorney;
- c) to verify the identity of shareholders and their proxies;
- d) to define the total number of votes for each item of the agenda;
- e) to define the number of votes of each shareholder and each proxy for each item of the agenda.

(7) The Voting Committee defines and announces voting results during the Assembly meeting.

(8) After the Assembly meeting, the Voting Committee gives ballot papers to be kept in the Company's archives and makes a written work report signed by all members to the Voting Committee. The Company is obliged to announce the voting results report on its web page within five days after the Assembly meeting.

(9) Besides the duties stated in items (5) to (8) of this Article, the Voting Committee also has additional obligations with respect to voting at the Assembly meeting.

(10) The member to the Voting Committee who refuses to sign the report stated in item (8) of this Article must give his explanation which makes the integral part of the report. The Company is obliged to announce this report on its Internet page within five days from the Assembly meeting.

#### **Article 55.**

(1) Notwithstanding Article 54. of this Statute, the shareholder is able to exercise his decision-making right while voting at the Assembly meeting when he fills in and signs the ballot papers and delivers them to the Company over postal services, fax or e-mail message before the Assembly meeting being scheduled (voting in absence).

(2) The decision-making right to vote through filled in and signed ballot papers being delivered to the Company through e-mail message can be used pursuant to applicable law on electronic signature.

(3) In the case stated in item (1) of this Article, the shareholders are able to send a written notice to the Company that they want to vote in absence, within three days from the date of publishing information about scheduling the Assembly meeting in daily newspapers the latest.

(4) The Company is obliged to send reports and proposals of all decisions referring to issues included in the agenda and ballot papers to the shareholder's address, stated in the shareholders list from Article 229. (5) of the Law on Economic Societies, through postal services, fax or e-mail message, within two days after receipt of the shareholder's notice from item (3) of this Article, while the shareholder can deliver his filled in ballot papers within three days prior to the Assembly meeting being scheduled the latest.

(5) The Secretary of the Company or another authorized person writes the receipt date and signs the ballot papers submitted by the shareholder over postal services or fax and, if ballot papers are sent electronically, they will be listed in, dated and signed the same as with delivery over postal services or fax.

#### **Article 56.**

(1) It will be found for the shareholders voting in absence to be present at the meeting in person only related to the part of the meeting to which their voting in absence referred.

(2) The shareholder voting in absence can withdraw his vote up to the moment of voting about certain issue at the Assembly meeting the latest.

(3) If the shareholder votes in person or through his proxy, his voting in absence is considered to be withdrawn.

### **Taking Minutes**

#### **Article 57.**

(1) The minutes about the Assembly's work must include the elements specified in Article 241. of the Law on Economic Societies and further elaborated in the Assembly Rules of Procedure.

(2) The minutes is signed by the Chairman of the Assembly, recording secretary and two verifiers and it includes attached written proposals and reports being submitted to the Assembly.

(3) If any person stated in item (2) of this Article rejects to sign the minutes, he must explain his reasons in writing.

(4) The Secretary of the Company is obliged to immediately identify the grounds for the reasons stated in item (3) of this Article and, if the grounds are identified, he must provide adjustment of the minutes within eight days from the day of the minutes definition.

(5) The Secretary of the Company is obliged to enable for the minutes to be prepared maximum thirty days after the Assembly meeting.

#### **Article 58.**

The Management of the Company is obliged to provide necessary conditions and the Secretary is authorized and liable for permanent archiving of decisions and notices about scheduling the Assembly meetings, signed minutes, shareholders' list stored in the Registry being important for participation in the work and decision-making of the Assembly, written reports and proposals submitted to the Assembly, records and reports on shareholders presence and reports on voting results at the Assembly meetings.

#### **Article 59.**

(1) If a shareholder or his proxy furnishes the Voting Committee with the certified shareholder's statement, identification document or another valid proof denying the validity of the proxy stated in Article 51. of this Statute within seven days after the date of the Assembly meeting, the Voting Committee will proclaim votes as invalid based on that proxy and send a written notice to the Supervisory Board.

(2) The Supervisory Board is obliged to suspend decision whose votes were proclaimed as invalid and crucial and to schedule the Assembly meeting in order to decide again about those issues within thirty days from receipt of the Voting Committee's notice about invalid votes the latest.

### **Worthlessness and Denial of the Assembly's Decisions**

#### **Article 60.**

(1) The Assembly's decision is defined as null and void due to violation of legal procedure and this Statute and in the case that:

- a) the Assembly was not scheduled in line with Article 230. of the Law on Economic Societies;
- b) it was not entered in the minutes in line with Article 241. of the Law on Economic Societies;
- c) invalidity was established by the final judgment grounded on the decision annulment.

(2) The procedure can be initiated by the shareholders, each member to the Supervisory Board and Management pursuant to applicable laws and by-laws.

## **2. Supervisory Board**

#### **Article 61.**

(1) The Supervisory Board is composed of the President and six members being appointed and dismissed by the Assembly of the Company.

(2) Professionally capable persons, having a university degree, at least five years of professional experience in telecommunications or finances or legislation and complying with other legal provisions referring to public appointments, can be proposed to be the President and members to the Supervisory Board.

(3) The candidate proposed to be a member to the Supervisory Board must have relevant information and documents related to his fulfillment of provisions stipulated by laws, regulations and this Statute.

(4) Candidate members to the Supervisory Board can be proposed by the shareholder or a group of shareholders having minimum 5% of voting shares.

(5) The President and members to the Supervisory Board cannot be persons contrary to provisions of Article 248. of the Law on Economic Societies.

#### **Article 62.**

Before his appointment, appointed member to the Supervisory Board is obliged to make a written statement on his candidacy acceptance, being a part of the Rules of Procedure of the BH Telecom JSC Sarajevo Assembly.

#### **Article 63.**

The President and members to the Supervisory Board must work according to the interests of the owner of the capital, and the President of the Supervisory Board must furnish the FBiH body, defined in relevant Directive, with a timely written report about work of the Supervisory Board at least once in three months.

#### **Article 64.**

(1) Members to the Supervisory Board are elected in voting procedure in accordance with Article 237. of the Law on Economic Societies, when each voting share has the number of votes which is the same as the number of members to the Supervisory Board being elected (cumulative voting system).

(2) The Assembly declares for the candidates with the highest number of votes to be the members to the Supervisory Board.

(3) The Supervisory Board elects one of its members to be the President and Deputy President of the Supervisory Board at the first constitutional meeting of the Supervisory Board, being scheduled by the Secretary of the Company within fifteen days from the day of the Assembly meeting stated in previous item of this Article.

(4) The Supervisory Board can dismiss the President of the Supervisory Board, appointing one of its members to be the President of the Supervisory Board at the same time.

#### **Article 65.**

(1) Members to the Supervisory Board are appointed for the 4-year period, including confidence voting of the Assembly after expiration of the 2-year period from their appointment date.

(2) The FBiH body defined in relevant Directive can decide on giving previous consent on appointment of acting members to the Supervisory Board on behalf of the state capital up to completion of the vacancy procedure, for the maximum 3-month period, starting from the day of entering into force of the Assembly's decision on appointment of the members to the Supervisory Board.

(3) The mandate of the President and members to the Supervisory Board can terminate prior to expiration of their appointment period through the Assembly's decision on their dismissal pursuant to Article 247. of the Law on Economic Societies and

- a) if they do not fulfil their responsibilities in line with applicable laws,
- b) if they award a purchase contract contrary to valid purchase by-laws,
- c) if they take part in conflict of interests,
- d) if they take part in activities forbidden by law,
- e) if they do not make request for relevant approval of legally limited activities,
- f) if they make consciously or unconsciously authorization for a limited activity resulting in the material damage for the Company, and
- g) if they make a criminal or other offence resulting in the material damage for the Company.

(4) Dismissal of the member to the Supervisory Board, being appointed on behalf of the state capital, prior to expiration of his mandate is carried out by the Assembly grounded on previous consent of the FBiH body defined in relevant Directive.

(5) If, during his mandate, the President or member to the Supervisory Board stops performing his duties within his appointment, he is obliged to send a notice to the Supervisory Board and Management about it without any delay.

(6) In the case of Article 247. item (5) a) of the Law on Economic Societies, when entire Supervisory Board is not dismissed, the President or member to the Supervisory Board is not dismissed pursuant to Article 250. of the Law on Economic Societies if the number of votes "against" his dismissal is the same or higher than the number of votes he was given during appointment of entire Supervisory Board.



(7) Dismissal of the President or member to the Supervisory Board prior to expiration of his mandate, in addition to reasons stated in item (3) of this Article, can be also done as follows:

- a) upon his written request;
- b) if he is unable to do or does not do his job as the member to the Supervisory Board;
- c) if he does not do his job with due care and diligence and if he is not loyal to the Company, in compliance with Articles 39. and 40. of the Rule Book on Joint Stock Companies Management;
- d) in other cases defined in applicable laws and this Statute.

(8) The proposal for dismissal of the President or member to the Supervisory Board also includes the proposal for the candidate who will replace him.

(9) In the case when entire Supervisory Board is not dismissed, the member appointed instead of the dismissed President or member to the Supervisory Board has the mandate until expiry of the mandate of the Supervisory Board's members appointed during appointment of entire Supervisory Board and not being dismissed.

(10) The mandate is long as defined in item (9) of this Article also when all members to the Supervisory Board, appointed during appointment of entire Supervisory Board, are successively dismissed.

(11) Appointment and dismissal of the Supervisory Board and other issues referring to management of state companies are governed by relevant Directive.

#### **Article 66.**

(1) The President or member to the Supervisory Board are able to resign from their duties. Resignation is submitted to the Secretary of the Company in writing.

(2) The Secretary of the Company must immediately inform all members to the Supervisory Board, Management and shareholders who nominated the member about his resignation stated in item (1) of this Article.

(3) If the President or member to the Supervisory Board resign from their memberships in the Supervisory Board, the Supervisory Board concludes that resignation is submitted and sends to the Assembly its proposal of decision on acceptance of that resignation and dismissal of the Supervisory Board member.

(4) If the President or member to the Supervisory Board resigns from his membership in the Supervisory Board, he is obliged to perform his duty of the President or member to the Supervisory Board until the Assembly makes a decision on acceptance of resignation from his memberships in the Supervisory Board and his dismissal, except if the President or member to the Supervisory Board ask expressly for being dismissed from his duty before the Assembly makes a decision about his resignation, when it is considered that the resignation takes effect on the submission date.

#### **Article 67.**

(1) The shareholder having 50% shares or more, manager and member to the management of any joint stock company, as well as owner of 50% property and more, manager and member to the management of any limited liability company, cannot be the President and member to the Supervisory Board or Management of the Company, being appointed on behalf of the state capital, in the companies having participation of the state capital or in funds, agencies, commissions or other legal persons established by the FBiH Government or Parliament (hereinafter: "the institutions").

(2) The President or member to the Supervisory Board or Management of the Company, involving the state capital or institutions, cannot be the president or member to the supervisory board or management of another company or institution at the same time.

(3) The President and members to the Supervisory Board and Management of the Company are obliged to have adequate professional training in accordance with the Directive about Professional Training of Presidents and Members to the Supervisory Boards and Managements of Economic Societies involving the state capital.



#### **Article 68.**

- (1) The President and members to the Supervisory Board make individual contracts with the Company, being previously approved by the Assembly, and they are signed by the General Manager on behalf of the Company.
- (2) The contract stated in previous item of this Article must consist of relevant types, criteria and remuneration meant for the President, i.e. members to the Supervisory Board.

#### **Article 69.**

- (1) The President and members to the Supervisory Board are entitled to have their remunerations in line with the Assembly's decision about remunerations for the President, Deputy President and members to the Supervisory Board pursuant to the Law on Wages and other material rights of the members to managing bodies in the FBiH institutions and public enterprises owned by the FBiH ("FBiH Official Gazette" No. 12/09) or the Company's remuneration policy adopted by the Assembly according to the proposal of the Remuneration Board.
- (2) The Company's remuneration policy is based on the assessment of works performed by the President and each member to the Company's bodies, as well as the Company's bodies as a whole or another person, and the Company's financial standing, economic environment and other issues being important for decision-making about the remuneration level in accordance with applicable laws.

#### **Article 70.**

- (1) The Supervisory Board makes decisions at the meetings being held at least once in three months, scheduled and presided by the President of the Supervisory Board.
- (2) The President of the Supervisory Board defines the agenda and presides at the meetings of the Supervisory Board, supervises work of the Supervisory Board and its committees, enables for all members to get all information important for performance of their duties, organizes additional education for the members to the Supervisory Board, enables for the members to the Supervisory Board to have enough time for consultations and decision-making, represents the Supervisory Board, provides implementation of decisions made by the Supervisory Board and its agenda, and performs other activities in accordance with the Statute and other documents of the Company.
- (3) The President of the Supervisory Board is obliged to schedule a meeting upon request of the Company's General Manager or two members to the Supervisory Board fourteen days from the date of the request submission the latest; on the contrary, the request submitter is authorized to schedule a meeting.
- (4) In the case that the President is prevented from attending the meeting of the Supervisory Board, the Deputy President will preside at the meeting and if he is absent too, he will be replaced by the member to the Supervisory Board selected by its members being present at the same meeting.
- (5) If the President is prevented from performing his duties continuously for more than three months in the period when the Supervisory Board is obliged to decide about scheduling the Assembly meeting whose agenda includes the Company's annual financial report, the Supervisory Board is obliged to select another president.
- (6) If the President is prevented from performing his duties continuously for more than four months in the period after the Assembly meeting whose agenda is included the Company's annual financial report until the end of the calendar year, the Supervisory Board is obliged to select another president.
- (7) In the case that the President's membership in the Supervisory Board terminates prior to expiration of his mandate or if he is prevented from performing his duty of the President of the Supervisory Board, the Deputy President of the Supervisory Board is authorized to perform all duties of the President of the Supervisory Board.

#### **Article 71.**

- (1) A written invitation for the Supervisory Board meeting, which defines the time, place and agenda of the meeting, is submitted to the members to the Supervisory Board within fourteen days before its scheduled date the latest.
- (2) Reports, decision proposals and/or other materials, being important for each item of the agenda, are attached to the invitation for the meeting.
- (3) In the case when certain issue, falling within the competence of the Supervisory Board, is not included in the agenda and requires an urgent decision-making, the President and/or member to the Supervisory Board can make a proposal for its addition to the agenda during the meeting, and the General Manager can propose it in writing and submit it to the President of the Supervisory Board prior to commencement of the meeting.
- (4) Upon the President of the Supervisory Board or the General Manager's request, if an urgent issue is in question, the meeting of the Supervisory Board can be held earlier than defined in item (1) of this Article. The request for that meeting must be explained.
- (5) The Supervisory Board's meeting can be held over the phone or electronically in urgent cases, to be defined in the Rules of Procedure of the Supervisory Board.

#### **Article 72.**

- (1) The Supervisory Board's meeting can be held if the President and at least four members to the Supervisory Board are present.
- (2) In the case that the conditions stated in previous item are not fulfilled thirty minutes after the scheduled commencement of the meeting the latest, the Supervisory Board's meeting will be postponed and held seven days later, and it is important to have a quorum composed of the majority of total number of members at next meeting.
- (3) The General Manager and Secretary of the Company are obliged to attend the Supervisory Board's meetings, while other persons can attend it only if invited in writing by the President of the Supervisory Board.

#### **Article 73.**

- (1) The Supervisory Board makes decisions grounded on the majority of votes made by present members and nobody can vote about personal issues.
- (2) A written statement of the absent member to the Supervisory Board about the issues, reports and proposals included in the agenda, which is submitted to the President of the Supervisory Board over the Secretary of the Company one working day prior to scheduled meeting the latest, is considered also as presence and voting of the member who is present at the meeting, in terms of previous item of this Article.
- (3) Exclusive of item (1) of this Article, the Supervisory Board makes unanimous decisions about donations in the field of sport, culture, social support and humanitarian aid.

#### **Article 74.**

After each meeting of the Supervisory Board it is important to make minutes which must include the following elements: the number of the meeting, time and place of the meeting, start and end time of the meeting, full names of present members, full names of absent members indicating that it was pre-announced and the reason for their absence, full names and positions of present members to the Management and other persons being invited to the meeting, agenda being defined in the invitation for meeting, proposals for additions to the agenda including full names and positions of proposers, adopted additions to the agenda, voting results and decisions on each item of the agenda including full name and explanation of the absent member to the Supervisory Board who made his written statement before the meeting, as well as other issues to be elaborated in the Rules of Procedure of the Supervisory Board.

**Article 75.**

- (1) The Company's Secretary appoints the person in charge of keeping the minutes at the Supervisory Board's meetings, approved by the President of the Supervisory Board, who is obliged to make the minutes within ten days from the meeting date.
- (2) The minutes is signed by the President of the Supervisory Board and the Recording Secretary.
- (3) The Company's Secretary is obliged to furnish the members to the Supervisory Board and General Manager with the copies of the signed minutes electronically.
- (4) With respect to cases and issues for which the written Supervisory Board's decision is mandatory pursuant to applicable laws, regulations and/or stipulations of this Statute, the Company's Secretary is obliged, based on the proposals passed at the meeting and based on the minutes, to make decision and submit it for signature by the President of the Supervisory Board in sufficient number of copies immediately, maximum three days after the meeting. Afterwards, the signed decision will be submitted, without any delay, to the General Manager and/or members to the Management in charge of its implementation.
- (5) The Company's Secretary is obliged to provide that the decisions from item (4) of this Article are permanently kept and that the minutes from item (2) of this Article and written statements from Article 73. of this Statute are kept at least five years from the Supervisory Board's meeting date.

**Article 76.**

- (1) The Company's Supervisory Board is authorized and responsible for the following:
  - a) to supervise business operations of the Company, to adopt business strategies and business plans of the Company;
  - b) to supervise operations of the Management and to approve decisions having a strategic character;
  - c) to adopt the Management's report on the Company's business operations upon the semi-annual and annual statements of accounts, including profit and loss statement and audit report;
  - d) to submit the annual report on the Company's business operations to the Assembly which must include the financial report, audit report and work reports of the Supervisory and Audit Boards. The Supervisory Board's work report must also include information about the conflict of interests of a member to the Management or Supervisory Board, if any, and how it was resolved, including assessment of the Supervisory Board's performance;
  - e) to appoint the president and deputy president of the Supervisory Board;
  - f) to appoint the members to the Management and Secretary of the Company in compliance with applicable law and this Statute;
  - g) to dismiss the members to the Management and Secretary of the Company in compliance with applicable law and this Statute;
  - h) to propose the profit share and utilization, and the method for loss coverage;
  - l) to approve purchase, sale, replacement, lease or rent and other property transactions, directly or over subsidiaries during a business year, at 15 - 33% of the book value of the total Company's property according to profit and loss statement at the end of previous year;
  - j) to propose for the Assembly to purchase, sell, replace, lease or rent, take or give a credit and other property transactions, directly or over subsidiaries during a business year, at 33% of the book value of the total Company's property according to profit and loss statement at the end of previous year;
  - k) to appoint sub-committee presidents and members depending on their needs;
  - l) to establish temporary commissions and define their composition and assignments;
  - m) to schedule the Assembly meeting;
  - n) to cancel the Assembly meeting pursuant to Article 16. (1) and (2) of the Rulebook on Joint Stock Companies Management;
  - o) to approve the new bond issue having the existing class amounting up to one third of the sum of nominal value of existing bonds, and to define the amount, sale time and price of these bonds, which cannot be less than the approximate market value of existing bonds having the same class within thirty consecutive days before the decision-making day;
  - p) to propose the Rules of Procedure to the Assembly;

- q) to adopt the Rules of Procedure for the Supervisory Board;
- r) to propose and implement the decisions made by the Assembly;
- s) to propose the business plan to the Assembly, i.e. revised business plan in line with the Company's by-laws;
- t) to organize preparation of reliable accounting records and financial reports in line with the Law on Accounting and Auditing in FBiH from which it is possible to understand the Company's financial standing, to be shown to all persons having a legitimate interest in the Company's business, and it is unable to assign the authorization stated in this item to another Company's body;
- u) to consider procurement reports and to report all eventual frauds and misusages, and it cannot assign the authorizations stated in this item to another Company's body;
- v) to select the candidate for the Audit Board based on majority votes and public competition and to make a proposal for its appointment to the Assembly, and it cannot assign the authorization stated in this item to another Company's body;
- w) to appoint the President and members to the Remuneration and Appointment Boards;
- x) to appoint, if necessary, sub-committees/committees and/or expert committees for the purpose of preparation of proposals and/or implementation of decisions and to define their duties, responsibilities and rights, depending on their needs;
- y) to analyze reports of the Audit Board and to supervise the Management during their implementation of recommendations given by the Audit Board in previously set deadlines, and it cannot assign the authorizations stated in this item to another Company's body;
- z) to make individual decisions about donations for legal persons from the profit gained in previous year, obtaining the certificate on external auditor solvency and approval of relevant Ministry;
- aa) to adopt Donations Rulebook and to make individual decisions about donations in the field of sports, culture, social support and humanitarian aid pursuant to Article 49. item (1) j) of this Statute;
- bb) to prepare the Code of Ethics together with the Audit Board and to propose it to the Assembly;
- cc) to give instructions to the General Manager about implementation of recommendations related to observed irregularities;
- dd) to adopt the document having detailed provisions about disciplinary procedure against the Management member and a fair dismissal of the Management member;
- ee) to decide about increase in the Company's basic capital in accordance with Article 15. of the Statute and about the method for assessment of items and rights whose introduction results in payment of new bonds;
- ff) to decide about other issues pursuant to valid laws, stipulations of the Commission, this Statute and decisions made by the Assembly of the Company.

#### **Article 77.**

During performance of their duties, the President and each member to the Supervisory Board, individually and collectively, are entitled to request and receive from the Management and employees of the Company all information they need about business operations, to ask for the presence and explanation of the Management members at the Supervisory Board's meetings and to be present at the meetings of the Management.

#### **Article 78.**

(1) The President and members to the Supervisory Board, individually and collectively, are obliged to perform their duties and obligations conscientiously, i.e. with due care and diligence pursuant to valid laws, Commission regulations, this Statute and the Assembly decisions, and to be loyal to the Company for the best interest of the Company and its shareholders.

(2) The President and members to the Supervisory Board are responsible for the damage they cause to the Company due to any practices they perform contrary to previous item of this Article, their nonfulfillment or bad fulfillment of their duties.

(3) The Company's Management and shareholder and/or a group of shareholders, having 5% of voting shares, can submit their claim for compensation of damages being stated in item (2) of this Article before the court.

(4) The Company can give up from its claim based on the request stated in item (3) of this Article after expiration of three years from the date of its submission if approved by the Assembly and if shareholders having minimum 10% of voting shares did not make any complaint at the Assembly meeting.

**Article 79.**

The President and members to the Supervisory Board are individually obliged to make a statement for the Assembly, grounded on the Company's annual report, about their practices pursuant to valid laws, Rule Book on Joint Stock Companies' Management, this Statute and other documents of the Company.

**3. Management****Article 80.**

(1) The Management organizes and manages business operations, represents the Company and it is responsible for legality of its business.

(2) The Management is composed of the General Manager and Executive Managers as follows:

- a) Executive Manager for Business Development;
- b) Executive Manager for Legal Affairs, Organization and Human Resources Management;
- c) Executive Manager for Technology and Service Development;
- d) Executive Manager for Economic and Financial Affairs;
- e) Executive Manager for Investments;
- f) Executive Manager for Information Technologies.

(3) The General Manager manages operations of the Management.

**Article 81.**

(1) The Management of the Company performs the following duties:

- a) adopts the Labor Rule Book;
- b) adopts the Management Rule Book;
- c) adopts the Price List for services it provides;
- d) adopts by-laws of the Company for which the Assembly and Supervisory Board are not responsible;
- e) defines drafts and proposals of by-laws for which the Assembly and Supervisory Board are responsible;
- f) adopts business policies;
- g) makes decisions about purchase, sale, replacement, lease or rent and other property transactions, directly or over subsidiaries during a business year, at 15% of the book value of the total Company's property according to profit and loss statement at the end of previous year;
- h) appoints/nominates the Company's representatives in dependent companies' bodies and other legal persons' bodies in which the Company has capital participation;
- i) decides about utilization and distribution of funds pursuant to valid laws and this Statute;
- j) decides about the General Manager's official trips abroad;
- k) manages activities related to contracts' preparation in accordance with Article 49. (1) p) of this Statute;
- l) makes reports about the Company's business operations for the Supervisory Board after semi-annual and annual financial statements, including profit and loss statement and audit report in compliance with applicable laws. The type and amount of fee being paid to the Supervisory Board during previous business year is a part of the annual report. The fee is presented in total and itemized;
- m) makes decisions about foundation and termination of the Company's subsidiaries;
- n) makes draft of the decision on profit share;
- o) makes decisions about accounting and payment of dividend over the Registry;
- p) adopts report about assets and obligations list;
- q) adopts expenditure, book entry and destruction of fixed assets, as well as decrease in book value;
- r) gives authorizations to the General Manager/Executive/Regional Managers for utilization of proceeds in accordance with financial classes defined in the internal procurement provision;
- s) makes decisions about other issues of the Company for which the Assembly and Supervisory Board are not responsible.

(2) The Management of the Company is also responsible for the following:

- a) to report regularly to the Supervisory Board upon request of the Supervisory Board;

- b) to implement the Code of Ethics and to enable for all responsible persons to act according to the Code of Ethics, so that the disciplinary procedure is implemented against the persons disregarding the Code of Ethics;
- c) to fulfill provisions of the Corporate Management Code, to fill in and to announce the Annual Questionnaire being the part of the Corporate Management Code for the companies included in Sarajevo Stock Market;
- d) to make a draft business plan pursuant to internal Company's document and to supervise implementation of the business plan;
- e) to prepare the profit share proposal;
- f) to propose the document having detailed provisions about the disciplinary procedure and a fair dismissal of responsible persons;
- g) to employ and to dismiss employees in line with the procedures defined in the Company's by-laws and valid laws.

(3) The Management can assign duties specified in above item (2) b) to one or more of its members, supported with a unanimous written agreement of the Supervisory Board, and the Management will still be responsible for performance of each duty being assigned.

(4) The business plan will make the grounds for the Company's business operations in relevant period with respect to all issues it includes.

(5) Exclusive of item (4) of this Article, the Management will consider business plan annually and, if necessary and following its goals, revise it for the purpose of its harmonization with current commercial flows.

(6) While making a decision about the amount which can be distributed as profit, the Management will have in mind the Audit Board's recommendations and total financial obligations of the Company in relevant financial year, including also the net profit amount which the Company needs during that financial year for implementation of any assignment specified in the Company's business plan, as well as the amount of capital expenditures and other investments important for adequate development of the Company.

#### **Article 82.**

(1) The members to the Management are obliged and liable for a strict application of the Rules of Procedure and other documents and consistent implementation of valid laws.

(2) The Management is obliged and liable for implementation of the Audit Board's recommendations based on the deadlines defined by the Audit Board.

(3) The Management can assign this obligation to one of its members and remains responsible for its implementation.

(4) In addition to valid laws, the provisions of the Rule Book on Joint Stock Companies' Management referring to the Supervisory Board, this Statute and contract on engagement of the Management member are applied on the work, responsibilities and remunerations for the Management.

#### **Article 83.**

(1) The Management is obliged and responsible for the following:

- a) to provide proper premises for the Internal Audit Department to have undisturbed operations;
- b) to provide for the Internal Audit Department to have a full access to all documents of the Company being important for its work.

(2) The Management can assign this obligation to one of its members and remains responsible for its implementation.



#### **Article 84.**

(1) The Management is obliged as follows:

- a) to adopt procurement provision to govern the procurement procedure in the Company;
- b) to supervise the Company's employees during implementation of procurement provision in the Company;
- c) to make procurement reports for the Audit Board and for the Supervisory Board within the deadlines defined in the Company's by-laws.

(2) The Management can assign above duties to one or more of its members, supported with a unanimous written agreement of the Supervisory Board, but the Management will remain responsible for supervision of each duty being stated.

#### **Article 85.**

(1) The Management is obliged and responsible for the following:

- a) for a dismissed employee to be prevented from reentering the premises of the Company after the date of his employment termination;
- b) for the Company to be banned to reemploy the employee being dismissed in any capacity within at least two-year period;
- c) to keep adequate records about employees with detailed data about their dismissal within two-year period;
- d) for dismissed employees not to be paid any money, exchange for money or paid in kind from the moment of their work procedure violation.

(2) The Management can assign any of above obligations to one of its members and remains responsible for their implementation.

#### **Article 86.**

The Management is not allowed to do the following:

- a) to earmark for reserves the amounts higher than one half of net profit being available for distribution;
- b) to earmark for dividend distribution if the amount of the basic Company's capital is not higher than the total amount of the paid shareholders' capital and legal reserves and if dividend does not reduce the amount of these funds to smaller amount.

#### **Article 87.**

The members to the Management are individually obliged to make a statement to the Supervisory Board, together with the Company's annual report, about their practices complying with valid laws, other regulations, Rule Book on Joint Stock Companies Management, this Statute, Code of Ethics, Corporate Management Code and other by-laws of the Company.

#### **Article 88.**

(1) The Management makes decisions if more than a half number of members to the Company's Management is present at the meeting.

(2) Decisions are made based on the majority votes given by present members to the Company's Management.

(3) The vote of the General Manager, i.e. his authorized Deputy, is crucial in the case of the same number of votes during decision-making.

(4) Other issues related to work and decision-making of the Company's Management will be defined in the Rules of Procedure for the Company's Management.

#### **Article 89.**

- (1) The General Manager is appointed by the Supervisory Board based on an open competition and previous approval of the FBiH authorities defined in relevant Directive, pursuant to applicable laws, for the four-year period, without any limitations in terms of his reappointment.
- (2) The General Manager presides over the Management, manages business operations, represents the Company and is responsible for business legality.
- (3) Position, authorizations, rights and responsibilities of the General Manager are defined in the contract signed by the General Manager and the Supervisory Board of the Company in accordance with valid laws.

#### **Article 90.**

- (1) The Executive Managers are appointed and dismissed by the Supervisory Board grounded on the written proposal of the General Manager, open competition and applicable laws, as well as previous approval of the FBiH authorities defined in relevant Directive.
- (2) Regardless of their appointment time, the Executive Managers are appointed for the period of the then General Manager's mandate, without any limitations in terms of their reappointment.
- (3) The Executive Manager organizes work, represents the Company and is liable for legality of business operations in compliance with his contract and valid laws.
- (4) Business interactions, remuneration level, responsibility during performance of duties and other issues will be defined in the contract to be concluded between the Executive Manager and the General Manager on behalf of and for the account of the Company according to previous approval of the Supervisory Board and applicable laws.

#### **Article 91.**

- (1) The person who is a citizen of Bosnia and Herzegovina, capable to work, having managerial skills and experience considered as the best possible for fulfillment of the Company's needs, having a university degree and at least three years of managerial experience and fulfilling general and special conditions specified in the Rule Book of the Company, can be appointed as the General Manager and Executive Manager of the Company.
- (2) Exclusive of the previous item, a person not having three years of managerial experience can be appointed as the Executive Manager if he has at least five years of work experience after his university graduation.
- (3) Except for above stated conditions, the Supervisory Board can also define additional requirements to be met by the General Manager or Executive Manager candidate.
- (4) The candidates for the General Manager and Executive Manager are obliged to present their work program during their interview.
- (5) The provisions stated in Articles 248., 258. (2) and 260. of the Law on Economic Societies refer to the General Manager and Executive Managers.
- (6) Each General Manager and Executive Manager candidate is obliged, before his appointment, to make a written statement about his acceptance of his candidacy, exclusion of the competition, in terms of the provisions of this Statute, and the Company's securities he owns.
- (7) The persons having positions in political parties cannot be appointed as the General Manager and Executive Managers of the Company.



## **Article 92.**

(1) The Supervisory Board conducts the procedure for selection of the candidates for the membership to the Management, i.e. General Manager and Executive Managers, grounded on the public competition for selection and appointment of the Management members (hereinafter: "Public Competition") from the candidates whose knowledge and experience are found the best for the operational and business needs of the Company.

(2) The Supervisory Board makes decision on appointment of the Commission for Selection of Management Members (hereinafter: "Commission"), defining composition, liabilities and work method for implementation of separate selection procedure for the General Manager and the other Management members - Executive Managers.

(3) The Commission stated in item (2) of this Article verifies the timeliness and completeness of the candidates' applications and their fulfillment of conditions defined in the Public Competition, and performs the other activities referring to selection of the candidates for the Management members defined in the decision stated in previous item, making the candidates lists and minutes composed of all activities.

(4) While conducting the procedure for selection of the General Manager, after performing its duties from previous item, the Commission makes interviews with candidates who fulfilled conditions defined in the Public Competition and prepares the minutes about it. After making interviews, the Commission furnishes the Supervisory Board with the proposal of candidates who fulfilled conditions defined in the Public Competition and whose managerial knowledge and experience are found the best for the operational and business needs of the Company, together with their supporting documentation (candidate's application, list and minutes composed of all activities).

(5) Upon accepting the procedure from previous item, the Supervisory Board sends the proposal for appointment of the General Manager to be approved by the FBiH Government in compliance with relevant Directive.

(6) While conducting the procedure for selection of the Executive Managers, after performing its duties from item (3) of this Article, the Commission furnishes the General Manager with the candidates' applications, list and minutes composed of all activities, and the General Manager interviews the candidates fulfilling conditions defined in the Public Competition, making corresponding minutes about it.

(7) After performing its duties stated in the previous item, the General Manager furnishes the Supervisory Board with the proposal of candidates whose managerial knowledge and experience are found the best for the operational and business needs of the Company, together with their supporting documentation (candidate's application and minutes composed of all activities).

(8) Upon accepting the procedure stated in the previous item, the Supervisory Board sends the proposal for appointment of the Executive Managers to be preapproved by the FBiH Government in compliance with relevant Directive.

(9) The Supervisory Board appoints the members to the Management, i.e. the General Manager and Executive Managers, grounded on the decision about preapproval of their appointment made by the FBiH Government.

(10) If all or individual candidates for the members to the Management, i.e. General Manager and Executive Managers, do not get necessary preapproval of the FBiH Government, the Supervisory Board will do the following:

- a) announce repeatedly the Public Competition for selection of the Management members whose approval was denied and conduct the procedure defined in this Article again; and
- b) appoint acting Management members based on the preapproval of the FBiH Government.

## **Article 93.**

Pursuant to the decision made by the FBiH authorities, defined in relevant Directive, about giving the preapproval for appointment of acting Management members, the Supervisory Board will exclusively appoint acting Management members until completion of the Public Competition procedure, for the period of maximum twelve months, starting from the date when the Supervisory Board's decision takes effect.

#### **Article 94.**

- (1) The General Manager is a legal representative of the Company, without any limitations.
- (2) The General Manager organizes work, manages business operations, represents the Company and is responsible for business legality.
- (3) The General Manager takes part in management with the Company as a whole, which includes planning, directing and follow-up of business operations and development of the Company and dependent companies.
- (4) In addition to above stated and pursuant to valid laws and this Statute, the General Manager:
  - a) manages operations of the Management;
  - b) adopts individual documents in line with the Company's by-laws;
  - c) founds the expert and consultation bodies for individual issues as well as working bodies (commissions, expert groups, work and other expert teams, etc.);
  - d) proposes the grounds for business policy;
  - e) proposes and takes measures, gives orders and instructions to provide functioning, security and technological unity of telecommunication system;
  - f) harmonizes operations of the Executive Managers, Counselors of the General Manager, Branches Managers and heads of organizational units for the purpose of performing joint functions in the Company;
  - g) concludes contracts pursuant to valid laws and this Statute;
  - h) signs by-laws passed by the Management; and
  - i) does other jobs falling under his jurisdiction in compliance with applicable laws, this Statute, i.e. the Company's by-laws.
- (5) If necessary, the General Manager can schedule and manage a joint meeting (the College) of the Executive Managers, as well as the Branches Managers and heads of organizational units being invited if necessary for the purpose of performing joint functions in the Company (meeting of managers of all levels).

#### **Article 95.**

- (1) In addition to the General Manager and within the authorizations defined in this Statute, other by-laws and decisions of the General Manager, the Company is represented by the employees having the special authorizations and responsibilities in the General Directorate and other organizational units of the Company.
- (2) The General Manager can also give authorizations for third persons to represent the Company by means of a written proxy, defining its content, limitations and duration.
- (3) The proxy stated in item (2) of this Article cannot be given to the President or member to the Supervisory Board of the Company.

#### **Article 96.**

The Supervisory Board of the Company, grounded on the General Manager's proposal, can give procuration to a physical person, excluding the President and members to the Supervisory Board, to take all legal actions, except for real estates assignment and burden, on behalf of and for the account of the Company pursuant to applicable laws. Procuration is not assignable.

#### **Article 97.**

The General Manager gives a written authorization for one of the Executive Managers to replace him in the case that he is unable to do his job or absent, defining the authorization level.

#### **Article 98.**

(1) The mandate of the General Manager and/or Executive Manager can terminate before expiration of their mandate period as a result of their resignation, termination by consent or dismissal grounded on the decision made by the Company's Supervisory Board.

(2) The General Manager and/or Executive Managers can also be dismissed before expiration of their mandate pursuant to Article 247. (5) of the Law on Economic Societies and in the following cases:

- a) unfulfillment of their responsibilities in line with valid laws;
- b) purchase contract award contrary to valid laws;
- c) participation in conflict of interests;
- d) participation in illegal activities;
- e) failure to submit a request for relevant approval for activities limited by laws;
- f) giving consciously or unconsciously authorizations for limited activity resulting in material damages for the Company;
- g) criminal or other illegal offense causing material or other damages for the Company;
- h) upon their written request;
- l) if they cannot or do not exercise the duties of the member to the Management;
- j) in other cases defined in applicable regulations and this Statute.

(3) The Supervisory Board of the Company dismisses a member to the Management prior to expiration of his mandate according to approval given by the FBiH authorities defined in relevant Directive.

(4) The General Manager and member to the Management can resign from their position. Resignation will be submitted to the Supervisory Board in writing. It is not necessary to have a decision of the Supervisory Board to terminate the membership in the Management. All members to the Management will be immediately informed about that resignation. A member's resignation can be withdrawn only if approved by the Supervisory Board.

(5) In the case of resignation or termination by consent, the General Manager and members to the Management must continue with their jobs in the dismissal period defined by the Supervisory Board, i.e. minimum thirty days for the General Manager and fifteen days for the members to the Management.

(6) Upon expiration of the mandate or early dismissal of the General Manager or Executive Manager, the contract specified in Article 89. (3), i.e. Article 90. (4), of this Statute remains in force with respect to manager's rights and obligations upon dismissal.

(7) When the complete Management is not dismissed, the member to the Management being appointed instead of the dismissed member to the Management has the mandate until expiration of the mandate of the members to the Management being appointed during appointment of the complete Management and not dismissed.

#### **Article 99.**

The member to the Management, whose mandate expired or who was dismissed prior to expiration of his mandate, is obliged to assign his duties in compliance with the document of the Supervisory Board.

#### **Article 100.**

(1) In the case that the General Manager is prevented from doing his job in the period of thirty days, he will give his written authorization for one of the Executive Managers to replace him.

(2) In the case that the General Manager is prevented from doing his job in the period longer than thirty days, he is obliged to immediately inform the Supervisory Board in writing about the reasons and period of his inability to work, and the Supervisory Board can approve acting General Manager to be engaged in compliance with item (1) of this Article until the end of the General Manager's inability to work or decide about dismissal of the General Manager.

(3) Upon termination of the General Manager's function in line with Article 98. (1) or (2) of this Article, the Supervisory Board will appoint acting General Manager until the procedure for selection of the General Manager is completed following the provisions of this Statute.

### **Secretary of the Company**

#### **Article 101.**

(1) The Secretary of the Company is appointed and dismissed by the Supervisory Board upon the General Manager's proposal.

(2) The Secretary of the Company can be a person capable to work, who graduated from the Faculty of Law and has at least five years of professional experience in corporate law, and the Supervisory Board can also have additional requirements to be fulfilled by the candidate for the Secretary of the Company.

(3) The Secretary of the Company cannot be a person contrary to provisions of Article 248. of the Law on Economic Societies.

(4) Regardless of his appointment time, the Secretary is appointed for the period of the then General Manager's mandate.

(5) Business interactions, remuneration level, liabilities during performance of his duties and other issues will be defined in the contract to be concluded between the Secretary and the General Manager on behalf of and for the account of the Company pursuant to previous approval of the Supervisory Board.

#### **Article 102.**

(1) The Secretary of the Company is responsible for professional preparation, support and follow-up of organization and for legal implementation of scheduling and decision-making procedures of the Assembly, meetings of the Supervisory Board, Management, boards and/or expert commissions appointed by the Supervisory Board, for preparation of proposals and/or enforcement of decisions.

(2) The Secretary of the Company must attend the meetings of the Assembly, Supervisory Board and Management.

#### **Article 103.**

The Secretary of the Company is obliged as follows:

- a) to run the registry of the Assembly minutes, including documents related to the Assembly agenda;
- b) to run the registry of the Management/Supervisory Board minutes, including documents related to the agenda of the Management/Supervisory Board meetings;
- c) to keep other documents except financial reports;
- d) to prepare meetings, make and distribute the minutes and decisions of the Assembly to authorized persons;
- e) to prepare meetings, make and distribute the minutes and decisions of the Supervisory Board to authorized persons;
- f) to enable for the shareholders to have insight into documents of the Company in line with the provisions of this Statute;
- g) to implement decisions made by the Assembly, Supervisory Board and Management of the Company;
- h) to be authorized for other activities ordered by the General Manager.

#### **Article 104.**

The Secretary of the Company can be dismissed from his duty before expiration of his appointment period in the following cases:

- a) when he loses trust of the Management, Supervisory Board or Assembly of the Company;
- b) unfulfillment of their responsibilities in line with valid laws;
- c) purchase contract award contrary to valid laws;
- d) participation in conflict of interests;

- e) participation in illegal activities;
- f) failure to submit a request for relevant approval for activities limited by laws;
- g) giving consciously or unconsciously authorizations for limited activity resulting in material damages for the Company;
- h) criminal or other illegal offense causing material or other damages for the Company;
- l) upon his written request;
- j) if he is unable or does not exercise the function of the Secretary of the Company;
- k) in other cases specified in valid laws and this Statute.

#### **4. Audit Board**

##### **Article 105.**

- (1) The Audit Board is composed of at least three members appointed by the Assembly upon the proposal of the Supervisory Board, i.e. the shareholders or a group of shareholders having minimum 5% of voting shares.
- (2) Proposal for a candidate to be the member of the Audit Board must consist of information and documentation important for fulfillment of legally defined conditions, other regulations and this Statute.
- (3) The president or member to the Audit Board cannot be the member to the Supervisory Board or Management or employed with the Company, and he must not have a direct or indirect financial interest in the Company, except for his work remuneration.
- (4) Remuneration and other rights and obligations of the President and members to the Audit Board are defined in the contract to be concluded between the General Manager and each of them on behalf of and for the account of the Company in compliance with applicable laws.
- (5) Responsibilities of the President and members to the Audit Board, as well as their dismissal, are grounded on the provisions of the Rule Book on Joint Stock Companies Management referring to the Supervisory Board, this Statute and contract concluded with the Company.

##### **Article 106.**

- (1) The Audit Board is authorized to prepare and propose procedures which should minimize the risk of infringement and failure, meant for implementation of accounting standards and proposal of accounting policies.
- (2) The Audit Board is authorized to cooperate with external auditor without mediation of the Supervisory Board and Management.
- (3) The Audit Board is authorized to ask for scheduling a meeting of the Supervisory Board and Assembly when it finds that the shareholders' interests are jeopardized or that there are irregularities in operations of the Supervisory Board and Management or their members, in line with applicable laws.
- (4) The Audit Board is obliged to audit the semi-annual and annual settlement and to control harmonization of the Company's business operations and functions of the Company's bodies pursuant to the Law on Economic Societies, other relevant regulations and basic corporate management principles and to make and deliver its report to the Supervisory Board and Assembly eight days after completion of the audit the latest.

##### **Article 107.**

The Audit Board performs a continuous control of financial operations and management of the Company, implementation of relevant procedures, by-laws and activities of the Supervisory Board and Management.

#### **Article 108.**

The Audit Board is obliged as follows:

- a) to appoint the Manager of the Internal Audit Department based on the open competition for selection of the most qualified candidate. The Company will bear costs of appointment of the Manager of the Internal Audit Department;
- b) to analyze the annual risk study and audit plan having details about risky areas and audits to be done, and to provide for the reported issues to be treated timely and properly;
- c) to provide for the Internal Audit Department to do its job in line with the audit plan;
- d) to ensure for the internal controls of the Company to be adequately performed as planned;
- e) to furnish the Supervisory Board with the concise monthly reports about its meetings;
- f) to ensure that the Internal Audit Department performs its duties according to international auditing standards;
- g) to follow the volume and results of external audit and to direct it;
- h) to point to risks which could make effect on success of the Company's business operations;
- i) to propose measures for the purpose of reduction of financial and other risks; and
- j) other issues pursuant to valid laws and by-laws.

#### **Internal Audit Department**

#### **Article 109.**

- (1) The Manager of the Internal Audit Department proposes the scope and organization of the Internal Audit Department and he is exclusively responsible for selection and management of his employees.
- (2) The Manager of the Internal Audit Department is appointed for the 4-year period without limitations for his reappointment.
- (3) The mandate of the Manager of the Internal Audit Department can terminate prior to expiration of his appointment period in the case that he submits his written resignation, that he is unable to perform his duties for more than six months and that there are reasons defined in Article 23. of the Law on FBiH Institutions Audit ("FBiH Official Gazette" No. 22/06).

#### **Article 110.**

- (1) The Internal Audit Department is responsible for the following:
  - a) to submit the annual risk study and audit plan to the Audit Board, having a detailed presentation of various areas and audits to be done;
  - b) to submit a report on preformed audits and recommendations for the Audit Board through the Manager of the Internal Audit Department;
  - c) to perform its duties in full compliance with the international auditing standards.
- (2) The Internal Audit Department cannot assign duties stated in above item to another authority.

#### **Article 111.**

- (1) The Internal Audit Department is composed of the Company's employees.
- (2) The Manager of the Internal Audit Department cannot be an employee of the Company, but the Company will pay him adequately for his services in line with corresponding tariffs in the case that they can be obtained from the FBiH Institutions Audit Office or relevant Ministry.

#### **External Auditor**

#### **Article 112.**

- (1) External auditor is an independent auditing organization being authorized and registered for auditing.

(2) Prior to his appointment, external auditor makes a statement about a connection between the auditor and the Company and/or member to any Company's body, as well as about services he provided to the Company, except for auditing, last five years (independence statement).

(3) External auditor's engagement is based on the contract signature with the Company.

### **Competition Ban, Conflict of Interests and Code of Ethics**

#### **Article 113.**

The Members to the Supervisory Board, Management, Audit Board and the Procurist of the Company cannot be engaged in the activities being competitive to the Company's activities, and they must not take part in the activities which could be competitive to the Company's activities in any of above capacities, neither as a personally responsible member to the Company, employee of another company, nor as an independent entrepreneur.

#### **Article 114.**

(1) Each member to the Supervisory Board, Management and Audit Board is obliged to report to the Supervisory Board each direct or indirect interest in legal persons with which the Company has or intends to establish a business relationship.

(2) In terms of previous item of this Article, the President and/or member to the Supervisory and Audit Boards cannot decide about issues referring to relationship of the Company and legal persons stated in item (1) of this Article, and the General Manager and/or Executive Manager can take part in that business relationship only on the basis of the written consent of the Supervisory Board President.

(3) If a member to the Supervisory Board, Management or Audit Board is in permanent conflict of interests, competent body of the Company is obliged to dismiss him from his duty.

#### **Article 115.**

(1) Each member to the Supervisory Board and Management is obliged to send a written notice to the Company about each acquisition or sale of the Company's shares by him, or by persons connected with him, next working day from the day of acquisition i.e. alienation the latest, and the Company is obliged to send that notice to the stock exchange within five days from receipt. The stock exchange is obliged to announce the notice on its Internet page next working day from the day of receipt the latest.

(2) Indirect acquisition stated in above item of this Article means acquisition of shares and/or bonds of the Company by the spouse or a relative of the person stated in item (1) of this Article within the first grade of straight line.

#### **Article 116.**

(1) Especially responsible persons within the Company are as follows:

- a) shareholder having a significant part of the Company's share capital or shareholder performing control in terms of integrated persons;
- b) members to the Management, President and members to the Supervisory Board, representatives and procurists;
- c) liquidation manager.

(2) Significant part of the Company's share capital, in terms of item (1) a) of this Article, includes at least 20% of the Company's share capital.

(3) Control shareholder, in terms of item (1) a) of this Article, is the person having more than 50% of ordinary shares voting rights in the Company or otherwise controlling management of the Company.



(4) The persons stated in item (1) of this Article are obliged to do their jobs conscientiously, with a due care and diligence and reasonably believing that they work for the best interest of the Company (hereinafter: "due care").

(5) The person acting with a due care is not responsible for damage incurred by the Company resulting from such assessment.

(6) The Company can initiate legal proceedings against the person stated in above item (1) b) and c) for compensation of damages caused by that person's infringement of due care stated in item (4) of this Article.

#### **Article 117.**

(1) The personal interest will exist in the case that the person stated in Article 116. (1) of this Statute or a member of his family is considered to be as follows:

- a) contracting party having a business cooperation with the Company;
- b) in a financial relationship with a legal person, making a contract with the Company or having financial interests in that business, expecting to make effect on his acting contrary to the Company's interest;
- c) under controlling influence of legal person or person having financial interests in that business, so that it can be expected to make effect on his acting contrary to the Company's interest.

(2) The member of the person's family stated in item (1) of this Article is considered to be as follows:

- a) his spouse, parent, brother or sister of his spouse;
- b) his child, parents, brother or sister;
- c) his blood relative in straight and side family line up to second level of consanguinity, adopter and adoptee, first level in-laws;
- d) other persons living together with him in the same household.

(3) Related persons, being defined in Article 34. item (3) of the Law on Economic Societies, with respect to all business operations stated in item (1) of this Article, are obliged to present all facts being important for decision-making and to get all necessary approvals from competent body of the Company in line with this Statute.

(4) The Company can bring charges against the person stated in Article 116. (1) having a personal interest in the legal affair and ask for compensation of damages if the preliminary approval was not provided for that legal affair or if competent body of the Company was not informed about all facts important for decision-making.

(5) Competent body of the Company, stated in items (3) and (4) of this Article, is found to be as follows:

- a) the Assembly, if there is a personal interest of the person stated in Article 116. (1) a) and c), without voting right;
- b) the Supervisory Board, if there is a personal interest of the President and member to the Supervisory Board, without voting right;
- c) the Management, if there is a personal interest of the member to the Management, representative and procurist, without voting right.

(6) If defendant is the member to the Management, the Company is represented by the person appointed by the Supervisory Board.

#### **Article 118.**

(1) The persons stated in above Article 116. (1) are unable to do the following for their own interest or for the interest of persons related to them:

- a) to use the Company's property;
- b) to use publicly unavailable information they obtained in that capacity;
- c) to misuse their position in the Company;
- d) to take opportunity to conclude a contract being available to the Company.

(2) Avoidance of conflicts of interest is mandatory irrespective of whether the Company had a possibility to use the property and information or to conclude the contract stated in item (1) of this Article.



(3) The Company can bring charges against the person stated in Article 116. (1) disrespecting the mandatory avoidance of conflict of interests from this Article and can ask for compensation of damages or assignment of benefits to the Company, which that person, i.e. related person from Article 116. (3), received as a consequence of that infringement.

(4) If the defendant is a member to the Management, the Company is represented by the person appointed by the Supervisory Board.

#### **Article 119.**

(1) The Assembly adopts the Code of Ethics of the Company.

(2) The Code of Ethics will consist of the minimum mandatory provisions as follows: conflict of interest ban, trade secret reveal ban, competition ban, credit ban and the statement defining the professional qualifications and diligence, the Company's property protection, consistency with valid laws, regulations and guidelines, illegal acts reporting, as well as standards referring to professional work of the Management, its liabilities, favorable information and other issues being important for efficient management of the Company.

(3) Infringement of the adopted Code of Ethics will make the grounds for termination of certain function based on the disciplinary procedure to be conducted in accordance with relevant Rule Book.



## **X BANNED AND LIMITED ACTIVITIES OF THE COMPANY**

#### **Article 120.**

The Company is strictly banned to do the following:

- a) to give a credit or loan to its employees or third persons or to provide a guarantee or insurance for credits, except for the restructuring process when the Company can invest or give a loan to an economic society grounded on the decision made by the Assembly exclusively;
- b) to give donations contrary to applicable laws on donations;
- c) to give salaries to employees on any waiting list;
- d) to give salaries to employees without payment of contributions and taxes pursuant to valid laws;
- e) to participate in procurement process in the capacity of tenderer on behalf of any person which prepared invitation for tender;
- f) to amend any procurement contract being already concluded, except if it is not done in line with the basic principles of applicable procurement regulations;
- g) to accept payment replacing money, such as payment in kind or cash equivalent;
- h) to conclude contracts worth more than 10.000,00 KM totally without signature by the Manager and responsible member to the Management;
- l) to renew or materially change already existing loans given to related or third persons.

#### **Article 121.**

(1) The Company is allowed to do the following activities to be approved in writing by the Supervisory Board exclusively:

- a) to pay debts to the Company's creditor through payment to third persons (debt cession contracts);
- b) to clear debts owed to certain party with debts of that party which is, accordingly, both a creditor and a debtor of the Company at the same time (simple compensation contracts);
- c) to take part in multiple debts clearance between several parties irrespective of whether the same arrangement was organized by the Government or other authority (contracts on multilateral i.e. multiple compensation);
- d) to pay debt owed to the Company in the case that debtor effects payment to the Company's creditor.

(2) The Company can write-down receivables grounded on the written authorization of the Supervisory Board exclusively.



## XI COMPANY ORGANIZATION

### Article 122.

The Company is organized as a unique independent organization and business entity grounded on the functional, technological and territorial principles, resulting in successful business operations, profitability, efficient management, timely making decisions and their mandatory enforcement.

Article 123.

- (1) The Management defines the organization chart of the Company.
- (2) The Company can establish subsidiaries as its organizational parts located out of its head office, to be registered with competent court. The subsidiaries' names are defined in compliance with the Company's Labor Rule Book.
- (3) The subsidiaries stated in item (2) of this Article are established and terminated in line with decision made by the Management, without having the status of the legal person. The subsidiaries can have their accounts which is defined in separate document of the Company.
- (4) The persons authorized to represent the subsidiaries are appointed by the Management based on the General Manager's proposal.
- (5) The persons authorized to represent the subsidiaries/Regional Managers have the same mandate as the General Manager and they can be reelected for the same position.
- (6) The Managers of subsidiaries/Regional Managers are responsible to relevant Executive Manager and General Manager for their work.

### Article 124.

The purpose of the organization chart of the Company is as follows:

- a) to enable efficient business operations in compliance with the best corporate management practices;
- b) to provide a full connectivity among certain parts of the Company, General Manager, Executive Managers and persons having special authorizations and responsibilities;
- c) to be obliged to implement business policy per individual segments;
- d) to have a personal responsibility and individual authorizations for the General Manager, Executive Managers and persons having special authorizations and responsibilities and all employees for their corresponding duties;
- e) to have a free flow of information in order to enable cooperation of organizational units within the Company;
- f) to have a clearly defined status of each organizational unit.

### Article 125.

- (1) Organizational units and their scope of work, organizational units management, special rights and authorizations of organizational units managers, as well as the rules about organization of internal operations of the Company are defined in the Labor Rule Book.
- (2) In accordance with the chart stated in Article 123. (1) of this Statute, the Labor Rule Book and Business Plan, the General Manager defines the personnel placement, structure and number of employees.
- (3) The Management makes decision about engagement of a new employee.
- (4) The General Manager or a person authorized by him concludes labor contracts with new employees.



## XII BUSINESS SECRET, PRIVILEGED INFORMATION

### Article 126.

- (1) Information about current business operations, plans and intentions, for which it is obvious that they would cause a significant damage to the Company if third persons learn about them without a consent of the Company, are considered to be business secrets.
- (2) The General Manager is authorized to define information, documents and data which will be treated as business secrets.
- (3) Information, documents and data to be treated as business secrets will be defined in the Company's by-laws for which, in addition to the General Manager, also authorized are the employees having special authorizations and responsibilities within organizational units they manage.
- (4) Business secret cannot include data considered as public data in compliance with valid laws and other regulations and data about infringement of laws and other regulations.
- (5) The person making infringement of his obligation to keep a business secret will assume legal and material responsibilities defined in item (2) of this Article.
- (6) Corresponding provisions of the Law on Securities Market will be applied on all questions about privileged information, exceptions from privileged information, turnover based on privileged information, persons having obligations referring to privileged information, bans referring to privileged information, control of access to privileged information and obligatory informing about persons having access to privileged information.



## XIII TRADE UNION

### Article 127.

- (1) The Company's employees can have their Trade Union pursuant to Law on Labor and the Law on Employees Council.
- (2) If there are several Trade Unions in the Company, the Management will find the views and requests about which Trade Unions reached agreement as relevant; on the contrary, the views and requests of Trade Union representing the majority of employees will be found as relevant.
- (3) The Supervisory Board defines the grounds for negotiations with the Trade Union and the Company is represented by the General Manager.

### Article 128.

Organizations and activities which do not fall within the scope of the Trade Union and Employees Council pursuant to the Law on Labor and Law on Employees Council.



## XIV EMPLOYEES

### Article 129.

- (1) The Company's employees exercise their rights and fulfill their obligations grounded on their work in line with the Law on Labor, Collective Contract and Labor Contracts.
- (2) The Management makes decision about conclusion of the Collective Contract upon the preapproval of the FBiH Government.

- (3) The General Manager of the Company or the person he authorizes concludes individual Labor Contracts.



## **XV ESTABLISHMENT OF COMPANIES AND INTEGRATION WITH OTHER COMPANIES**

### **Article 130.**

- (1) The Company can establish another economic society individually or together with other persons in accordance with the Law on Economic Societies.
- (2) The Company can acquire a part in the basic capital of another economic society after purchasing its shares in line with the Law on Economic Societies and Law on Securities Market.

### **Article 131.**

- (1) The Management appoints the Company's representatives in other legal persons' parts in which the Company has a capital share.
- (2) The Company's representatives in other legal persons' bodies in which the Company has a capital share is obliged, prior to the meeting of the related/dependent person's body, to obtain a written agreement / approval / authorization of the Management in the cases when:
- a) the assembly of the related/dependent company considers issues from its jurisdiction being defined in the statute of the related/dependent company;
  - b) the supervisory board of the related/dependent company:
    - 1) adopts the management's report on business operations upon the semi-annual and annual statements of accounts, including profit and loss statement and audit report;
    - 2) proposes distribution and utilization of profit and loss coverage method;
    - 3) approves purchase, sale, replacement, lease or rent and other property transactions, directly or over subsidiaries during a business year, at 15 - 33% of the book value of the total Company's property according to profit and loss statement at the end of previous year;
    - 4) and other issues based on the Management's request.
- (3) The Company's representative is obliged to act in line with the mandatory instructions of the Management given as the written agreement/approval/authorization.
- (4) The Company's representative cannot participate in decision-making of the related/ dependent person's body without an agreement/approval/authorization stated in item (3) of this Article.

### **Article 132.**

- (1) If the Company has the majority share in the basic capital of another company or if, based on the contract concluded with another company, it is entitled to appoint the majority of members to the Supervisory Board of another company, i.e. has majority votes in the Assembly, then the Company is considered as superordinate and another company as dependent.
- (2) The Company is superordinate and has the majority share in the basic capital when, directly or indirectly over another company, grounded on more than 50% of its shares in the basic capital of another company, has more than 50% of votes in the assembly of dependent company.
- (3) Share in the basic capital of the Company, being superordinate, can be direct or indirect and it is defined in compliance with valid laws.
- (4) Dependent company can obtain shares in the superordinate Company and exercise its voting right grounded on shares it already has, pursuant to the provisions of the Law on Economic Societies in FBiH related to the company with mutual shares.

#### **Article 133.**

(1) The Company as the parent company, in line with Article 130. (2) of this Statute, is obliged to make the consolidated financial report for dependent companies and to submit it to the Financial Information Agency (FIA) until 30. April for the previous year the latest. The consolidated business report must be submitted to FIA until 30. June for the previous year.

(2) The Management is obliged to make the consolidated financial report and the consolidated business report according to MRS/MSFI of the Law on Accounting and Audit in FBiH ("FBiH Official Gazette" No. 15/21) and Rule Book on Financial Reports Consolidation Conditions and Rules ("FBiH Official Gazette" No. 81/21) and to put them at public disposal.

#### **Article 134.**

The Company can have the share in the basic capital of another company having the share in the basic capital of the Company at the same time, so they are considered as the companies with mutual shares.

#### **Article 135.**

The Company can establish a concern or holding grounded on conclusion of the business management contract and applicable laws.

#### **Article 136.**

The Company can establish a business environment with one or more companies in order to enhance its own operations and to harmonize its activities in compliance with valid laws.

#### **Article 137.**

The Company can also establish the other integrations (consortium, franchise, community of companies, business union, business system, pool, etc.) through corresponding contract.



## **XVI DIVISION, MERGER AND CONSOLIDATION**

### **Reorganization Plan**

#### **Article 138.**

(1) The Company can be divided to two or more joint stock companies, merge with another joint stock company, merge one or more joint stock companies with the Company, and consolidate with one or more joint stock companies to establish another joint stock company.

(2) In the case of a merger or consolidation, the Company must have relevant approval of the Commission.

#### **Article 139.**

(1) The decision about division, merger or consolidation is made according to the Reorganization Plan prepared by the Management and adopted by the Assembly upon the proposal of the Supervisory Board in compliance with valid laws.

(2) The Supervisory Board is obliged to inform the Company's shareholders and creditors about the Reorganization Plan at least thirty days prior to its decision-making.

(3) The Supervisory Board is obliged to announce the decision about reorganization in public media.

#### **Article 140.**

The Reorganization Plan must consist of the elements and requirements being legally defined.

#### **Article 141.**

The members to the Management and Supervisory Board and other persons who prepared the Reorganization Plan and auditors who reviewed it and presented their opinion about it for the participating companies, have the unlimited responsibility toward the Company and the shareholders for damages in the case that they did not obey the professional rules while defining the ratio of replacement of rights during division, merger or consolidation of the Company.

#### **Article 142.**

Before making decision on the Reorganization Plan, the Management is obliged to show or to give each shareholder, upon his request, the copies of the Reorganization Plan, annual financial statements for last three business years, special financial statement for three months preceding preparation of the Reorganization Plan if it has data older than six months, including the auditor's reports and comments.

### **Division**

#### **Article 143.**

(1) The Company can be divided through merger with two or more existing open joint stock companies or through division to two or more new open joint stock companies pursuant to valid laws, based on the decision of the Assembly adopted by two-thirds (2/3) of the majority voting shares, including also preferred shares, within separate voting per classes of shares.

(2) The decision stated in above item of this Article must include as follows:

- a) form, company, head office and activities of each legal successor;
- b) balance sheet of the Company and each legal successor, including the external auditor's report;
- c) distribution of rights (assets) and obligations of the Company to legal successors;
- d) list of shareholders/members to each legal successor with their individual participation in the basic capital.

(3) Grounded on the decision stated in item (1) of this Article, the shareholders acquire shares in legal successors proportionate to participation of their shares in the basic Company's capital.

(4) After division, legal successors have an unlimited responsibility for the Company's obligations.

(5) Division of the Company, in terms of the provisions of this Statute, also includes assignment of the subsidiary company's shares to the Company's shareholders to replace the Company's shares which will be withdrawn.

### **Merger and Consolidation**

#### **Article 144.**

(1) The Company can be consolidated with other joint stock company/companies into another joint stock company and merge with some of them, and one or more companies can merge with the Company grounded on the decision made by the Assembly, adopted by two-thirds (2/3) of majority voting shares, including preferred shares as well.

(2) The Company can merge only with other company which will meet one of criteria referring to open joint stock company after that merger.

(3) The Company can consolidate with one or more other companies only if they establish another open joint stock company as the result of their consolidation.

(4) The decision stated in previous item of this Article must include legally defined elements.



## **XVII COMPANY TERMINATION**

### **Article 145.**

(1) The Company can be terminated pursuant to the following:

- a) decision made by the Assembly;
- b) merger, consolidation and division;
- c) relevant court decision; and
- d) bankruptcy.

(2) In the case of the Company's termination, relevant legally defined procedure will be conducted.

(3) Registration of the decision about termination of the Company and commencement of the liquidation procedure with the court registry results in termination of the Management's and Supervisory Board's mandate.

### **Article 146.**

(1) The liquidator is obliged to announce information about commencement of liquidation procedure in at least one local daily newspapers three times from the day of decision-making stated in the previous Article, in intervals of 15 to 30 days.

(2) By means of information stated in the previous item of this Article the liquidator is obliged to invite creditors to announce their outstanding debts six months from the last announcement the latest.

(3) Information and announcement stated in item (1) of this Article will be sent by the liquidator to each known creditor separately.

### **Article 147.**

(1) The liquidator is obliged to make and submit the initial liquidation balance for approval by the Assembly until the end of the year when the liquidation procedure is initiated the latest.

(2) The Assembly is obliged to both approve the initial liquidation balance and to dismiss the Supervisory Board and Management at the same time.

(3) The liquidator is obliged to end business operations and to collect outstanding debts of the Company, to cash the property and to fulfill Company's obligations, to furnish the Assembly with the balance sheet, profit and loss statement and liquidation report at the end of each business year during the liquidation procedure, as well as to deliver the final report about liquidation with the financial report and proposal about the remaining property share in the deadline defined in the decision about termination of the Company and commencement of the liquidation procedure.

### **Article 148.**

After completion of activities stated in previous Article of this Statute and upon the liquidator's proposal, the Assembly is obliged to adopt the final statement and to approve the proposal about the remaining Company's property share.



## **XVIII ENVIRONMENTAL PROTECTION AND ESG STANDARDS**

### **Article 149.**

(1) The Company takes measures important for environmental protection and improves its business operations through implementation of the quality standards and generally accepted principles of environmental protection in compliance with applicable laws.



(2) For the purpose of risk management, creating the long term values, enticing investors, customers and employees satisfaction, the Company is determined to abide by the requirements of ESG Standards (environment, social standards, governing) and their implementation in accordance with all legal regulations.



## **XIX BY-LAWS**

### **Article 150.**

(1) The written proposal on any adoption and amendment to this Statute, including its explanation, can be submitted to the Assembly by the Supervisory Board, the shareholder or a group of shareholders having at least 5% voting shares and by the Management.

(2) The decision about any amendment to this Statute is made by the Assembly grounded on two-thirds (2/3) of the majority voting shares, including also preferred shares, and separate voting per classes of shares.

(3) Exclusive of item (2) of this Article, the Supervisory Board is authorized to adopt the decision on changing the Company's head office address at the same place and the decision on amendment to the Company's name and activities imposed by regulations or for other administrative reasons.

(4) The Supervisory Board is obliged to announce each decision stated in item (3) of this Article eight days after its adoption the latest, pursuant to Article 39. of this Statute.

### **Article 151.**

(1) The Company's managing bodies adopt by-laws such as rule books, instructions, rules of procedure, strategies, policies, studies, methodologies, guidelines, decisions, solutions, etc.

(2) The rule books and rules of procedure take effect on the eighth day after being posted on the notice board in the Company's head office and instructions take effect one day upon their posting on the notice board in the Company's head office.

(3) The other by-laws stated in item (1) of this Article take effect on the day of their adoption or next day after their announcement or on the day indicated in the by-law if urgency of the issue or special circumstances require solution of certain issue.



## **XX TRANSITIONAL AND FINAL PROVISIONS**

### **Article 152.**

The by-laws of the Assembly, Supervisory Board and Management will be passed or harmonized with the provisions of this Statute six months from its coming into effect the latest. In the meantime, the existing by-laws of the Company are applied, except for the provisions being contrary to applicable laws, other regulations and this Statute.

### **Article 153.**

In the case that certain issue is not defined in this Statute, relevant valid laws will be applied.

### **Article 154.**

(1) This Statute will be harmonized with amendments to applicable laws to be eventually in effect after adoption of this Statute and referring to this Company within legally defined deadlines.

(2) Valid laws will be applied until this Statute is harmonized with the changes stated in previous item of this Article.

**Article 155.**

(1) When this Statute takes effect, implementation of the Statute of BH Telecom Joint Stock Company Sarajevo No.: 00.1-03-17072/20-10 dated 29 June, 2020 will be terminated.

(2) This Statute takes effect on the eighth day after being posted on the notice board in the Company's head office.

No.: 00.1-03-31535/23-9  
Sarajevo, 22 Dec., 2023

**CHAIRWOMAN OF THE ASSEMBLY**

Sanela Milavić - Repak, B.LL.

The Statute of BH Telecom Joint Stock Company Sarajevo is posted on the Company's notice board on 25 Dec., 2023 and takes effect on 02 Jan., 2024.

**a.i. SECRETARY OF THE COMPANY**

Faruk Hamzić, B.LL.