

Arch. No. \_\_\_\_\_

# STATUTE

of

**Makedonski Telekom,  
Joint Stock Company for Electronic Communications – Skopje**

July, 2015

Pursuant to the Resolution on the adoption of the new Statute of Makedonski Telekom, Joint Stock Company for Electronic Communications – Skopje, the Shareholders' Assembly of the Company adopts the following

**STATUTE**  
**of**  
**Makedonski Telekom,**  
**Joint Stock Company for Electronic Communications – Skopje**

**I GENERAL PROVISIONS**

**Article 1**

- 1.1 The Company is established upon a Resolution of the Government of the Republic of Macedonia for transformation of the Public enterprise for telecommunications “Makedonski Telekomunikacii” - Skopje (Resolution No. 23-3038/1 dated 15 December 1997, published in the *Official Gazette* No. 65/97).
- 1.2 Makedonski Telekom, Joint Stock Company for Electronic Communications – Skopje (the Company) is a Macedonian joint stock company with a one-tier management system.

**Article 2**

- 2.1 This Statute regulates: the brand name and the seat of the Company, scope of operation of the Company, issues relating to the share capital of the Company, managing and governing bodies of the Company, general acts and the procedure for their adoption, nominal value of the shares, number of shares for each type and class, rights, liabilities, limitations and benefits, procedure for convening and holding of Shareholders' Assembly, as well as other issues of importance for the Company.
- 2.2 Apart from the provisions from item 2.1 of this Article, this Statute also contains provisions regarding issues which, in accordance with the Law on Trade Companies, are regulated by Statute.
- 2.3 Apart from the provisions from items 2.1 and 2.2 of this Article, the Statute contains other provisions of importance for the Company which are not prohibited by law.
- 2.4 Other issues which are of importance for the Company and which are not regulated by this Statute may be regulated, in accordance with the Law on Trade Companies and this Statute, by other acts of the Company.
- 2.5 If a certain provision from another act of the Company is not in compliance with this Statute, the provisions of the Statute shall apply.

## II. TRADE NAME, SEAT AND LOGO OF THE COMPANY

### Article 3

- 3.1 The full trade name of the Company reads:  
**Makedonski Telekom, Joint Stock Company for Electronic Communications – Skopje**
- 3.2 The abbreviated trade name of the Company reads:  
**Makedonski Telekom AD - Skopje**
- 3.3 In the foreign trade operations, the Company's trade name is written in the Latin alphabet, as follows:  
**Makedonski Telekom AD - Skopje**
- 3.4 The Registration number of the Company is 5168660.
- 3.5 The Shareholders' Assembly of the Company decides on any modification of the trade name of the Company.

### Article 4

- 4.1 The seat of the Company is in Skopje, Kej 13 Noemvri, No.6, Centre Municipality.
- 4.2 The Shareholders' Assembly decides on any change of the seat of the Company.

### Article 5

- 5.1 The Company has an official seal containing the full trade name of the Company and the logo.
- 5.2 The size and the design of the aforementioned seal shall be defined by the Board of Directors.

### Article 6

- 6.1 In its official communication, besides the full or the abbreviated trade name of the Company defined in Article 3 herein, the Company shall use a corporate brand (logo) defined by the Board of Directors.

### Article 7

- 7.1 The Company is established for an indefinite period of duration.

## III. SCOPE OF OPERATION OF THE COMPANY

### Article 8

- 8.1 The Company is a legal entity with rights, obligations and liabilities stipulated by this Statute and by the Law.

### Article 9

- 9.1 The Company may establish companies and subsidiaries in the Republic of Macedonia and abroad. The Board of Directors adopts a Resolution on the establishment of companies and subsidiaries.
- 9.2 The Company may participate in companies, consortia and other types of associations in the Republic of Macedonia and abroad in a manner prescribed by the law.

### Article 10

- 10.1 The Company, within its scope of operation, performs all activities which are not forbidden by Law, other than those requiring previous consent, licence or other act of state or other competent body in accordance with the general business clause.

In the foreign-trade transactions, the Company shall perform all activities other than those requiring previous consent, licence or other act of state or other competent body.

The Company may, without a registration in the Trade Register, also perform other business activities which are required for the performance of the business and the activities arising from the scope of operation of the Company, which activities do not directly fall within the performance of the activities arising from the scope of operation of the Company.

- 10.2 The main activity of the Company is:

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- 10.3 The Board of Directors defines which activities shall the Company perform in its day-to-day operations, other than the main activity.  
The Board of Directors adopts a Resolution on the list of activities that the Company shall perform besides the main activity, including any widening or narrowing of the scope of activities.

## IV. INTERNAL ORGANIZATION OF THE COMPANY

### Article 11

- 11.1 The Rulebook on Internal Organization, adopted by the Board of Directors, regulates the organization of the operational process, committees and other working bodies, as well as other issues relevant for the successful and efficient performance of the operations of the Company.
- 11.2 The Rulebook on Internal Organization defines the organization and the type of activities performed in the organizational parts of the Company.
- 11.3 The organizational structure of the Company is based on the following principles:
- 1) Customer orientation
  - 2) Value Creation, supported by the “supply chain” concept
  - 2) Process orientation

## Article 12

- 12.1 The Company is an independent legal entity, which acts autonomously and is responsible for the undertaken liabilities.

## V. SHARE CAPITAL, TYPES OF SHARES IN THE COMPANY, CONVERTIBLE BONDS

### Article 13

- 13.1 The capital of the Company is 9,583,887,733.00 MKD (nine billion five hundred and eighty three million eight hundred and eighty-seven thousand seven hundred and thirty-three MKD) divided into:
- (1) 95,838,780 (ninety five million eight hundred and thirty-eight thousand seven hundred and eighty) common shares with a nominal value of 100 (one hundred) MKD per share; and
  - (2) one (1) registered Golden Share with a nominal value of 9,733 (nine thousand seven hundred and thirty-three) MKD, owned by the Republic of Macedonia.

### Article 14

- 14.1 All shares of the Company are registered and their holders are entered into the Shareholders' Book.

### Article 15

- 15.1 The rights and obligations of the shareholder are regulated in accordance with the Law on Trade Companies, other applicable regulations and the provisions of this Statute.
- 15.2 A shareholder of the Company may be a domestic or foreign, legal or physical entity.
- 15.3 The shareholders of the Company have the following rights:
- (1) To vote at the Shareholders' Assembly of the Company (hereinafter Shareholders' Assembly), wherein one share bears the right to one vote
  - (2) To receive dividends, if any
  - (3) To receive a return of capital from the liquidation quota, if any
  - (4) To acquire and pay out a portion of any new shares issued while increasing the registered capital, pro rata to the shareholders' stake in the registered capital prior to such increase, except in relation to new shares of the Company issued upon conversion of convertible bonds or debentures into shares
  - (5) To have insight in the materials relating to the agenda of the Shareholders' Assembly, based on the provisions of the Law on Trade Companies;
  - (6) To authorize another person in writing to represent them at the Shareholders' Assembly by a Power of Attorney issued in accordance with the provisions of the Law on Trade Companies.
- 15.4 In the event of increase of capital by issuance of new shares, in case of a delay in effectuating payment of registered shares, the shareholder in default is not entitled to vote on the basis of such registered shares at the Shareholders' Assembly for the period of the delay.

- 15.5 The shareholders are entitled to participate in the profits of the Company which the Shareholders' Assembly designates for distribution. The shareholders participate in the profits proportionally to the ratio of the nominal value of the shares registered to the relevant shareholder on the date on which the Shareholders' Assembly approves the distribution of dividends.
- 15.6 The dividend is paid not later than nine months after the expiry of the business year. No dividend is announced or paid in respect of any financial year prior to the approval of the annual Financial Statements by the Shareholders' Assembly for the relevant financial year.
- 15.7 The Shareholders' Assembly of the Company may make an advance dividend payment to the shareholders in the course of the business year, based on a periodical account or periodical Financial Statements for the three, six or nine months, as confirmed by the authorised auditor of the Company.
- 15.8 After expiration of the period defined in item 15.6, dividends whose payment was not claimed or cashed or any deferred dividend, are payable in a manner determined by the Board of Directors or prior to the expiration of the term defined in item 15.6 at the request of the shareholder, and are paid to an account or are delivered to the designated address to an account of the shareholder.
- 15.9 Should a liquidation or a bankruptcy procedure be conducted on the Company, the shareholder is entitled to right to receive and participate in the return of capital i.e. distributions of portion of the remainder of the liquidation quota of the Company.
- 15.10 The shareholder is entitled to participate in the return of capital from the liquidation quota of the Company in accordance with item 15.3. The participation during distribution of the remaining liquidation quota is determined in the same manner as for the shareholder's participation in the profit distribution.
- 15.11 At the Shareholders' Assembly, the shareholder may require explanations, give proposals and exercise the rights stipulated by the law.
- 15.12 Shareholders are not responsible for the liabilities of the Company with their personal assets.
- 15.13 The Company is responsible to its creditors with its assets.

## **Article 16**

- 16.1. The Republic of Macedonia is the holder of a Golden Share, registered in the Shareholders' Book of the Company.
- 16.2 The Company does not recognize any holder of the Golden Share other than the Republic of Macedonia, its agents and bodies, and any transfer or supposed transfer to any other person is deemed as null and void.
- 16.3 The Golden Share has the following rights:

- (1) The Golden Share ranks equally with Shares of the same nominal value in the Company's capital relating to rights to a dividend and other distributions, as well as for return of capital upon liquidation.
  - (2) The Republic of Macedonia is to be notified on all meetings of the Shareholders' Assembly of the Company, and is entitled to attend and vote at all meetings of the Shareholders' Assembly of the Company.
  - (3) No decision or resolution of the Shareholders' Assembly is valid nor has any legal effect if the Republic of Macedonia, as the holder of the Golden Share, votes against the respective resolution or decision, at any Shareholders' Assembly of the Company where such resolution or decision is proposed in relation to any of the following matters:
    1. Generating, distributing or issuing of share capital other than pro rata to the existing shareholder's stake or alteration of rights arising from the existing share capital (including the Golden Share), when such an issue, or alteration of rights, would result in, or effect a change of Control of the Company; or
    2. Integration, merging, separation, consolidation, transformation, reconstruction, termination or liquidation of the Company, or the adoption of any Court-approved arrangement model involving an amount higher than 20% (twenty percents) of the objective value of total assets of the Company as presented according to the latest audited consolidated Financial Statements of the Company, except when the subsequent respective stake of its members remains (as much as possible) unaffected or strictly pro rata to the existing stake; or
    3. Alteration of the Company's principal business activities or the scope thereof involving an amount higher than 20% (twenty percents) of the objective value of total assets of the Company as presented by the latest audited consolidated Financial Statements of the Company, or termination of the business for providing telecommunication services in, within and for Macedonia, or re-location of the headquarters of the Company, or the principal centre of control and operations of the Company, to a new location; or
    4. Sale or abandonment either of the principal business activities (as defined in Article 10 of this Statute) or of significant assets of the Company required for performing such business activities, involving, in either such case, an amount higher than 20% (twenty percents) of the objective value of total assets of the Company as presented by the latest audited consolidated Financial Statements of the Company; or
    5. Amendment of the Statute of the Company in such a way so as to modify or cancel the rights arising from the Golden Share; or
    6. Change of the brand name of the Company;
- 16.4 The Company does not undertake any matter falling within the scope of the above and the Board of Directors has no power to resolve upon, make, approve or implement any matter falling within the

scope of the above, except by adoption of a resolution or decision of the Shareholders' Assembly upon which the Republic of Macedonia, as the holder of the Golden Share, has voted in favour.

- 16.5 For the purposes of this Article, Control means the ability to exercise more than 50% (fifty percents) of the voting rights arising from the ordinary share capital of the Company (unless such Control is exercised by Magyar Telekom Telecommunications Public Limited Company as a result of the generating, distributing or issuing of share capital referred to in paragraph (1) above).

### **Article 17**

- 17.1 The Company may establish a fund from which the employees may obtain shares of the Company free of charge or at a premium price. Shares that the employees can obtain from the fund may amount to maximum one tenth (1/10) of the share capital.
- 17.2 The fund is managed by a management board of the fund, consisting of five members, of whom four are appointed by the Board of Directors and one member is appointed by the Trade Union of the Company with a mandate of two years.
- 17.3 The usage and the manner of distribution of funds allocated for employees' shares are regulated in the Rulebook which is adopted by the Shareholders' Assembly upon a proposal by the Board of Directors.
- 17.4 The Shareholders' Assembly may adopt: a Programme according to which the employees will be able to obtain shares; a resolution on issuing shares intended for the fund stated in item 17.1; as well as criteria for their distribution.

### **Article 18**

- 18.1 The Company's shares are registered in the Shareholders' Book, which is kept in the Central Securities Depository of the Republic of Macedonia, in electronic version, in a form and with content stipulated by law.
- 18.2 The shares of the Company are issued and transferred as an electronic file, in the Central Securities Depository, in accordance with the law.
- 18.3 The following data are entered in the Shareholders' Book: for physical entity – name and surname, address and personal identification number (PIN) of the citizen, i.e. passport number for a foreign person, while for a legal entity – company name, address and identification number of the legal entity, as well as other data in accordance with the Law.

### **Article 19**

- 19.1 The Company may issue securities.
- 19.2 The Company may, up to the amount of one half of the share capital, issue bonds that may, on the request of the bonds owner, be converted into shares (convertible bonds).



- 19.3 The Company may issue bonds which, in case of an increase in the share capital, provide the pre-emptive right for purchasing new shares that are later issued by the Company (bonds that provide pre-emptive right to purchase).
- 19.4 The Company may issue convertible priority shares that bear a number of priority rights and conversion rights, redeemable convertible priority shares and convertible priority shares and convertible bonds with a fixed amount.
- 19.5 The Company may, in accordance with the law, conclude optional agreements on purchase and sales of shares and bonds and “futures” agreements in a manner and under conditions defined in this Statute
- 19.6 The Company may, in accordance with the law, acquire its own shares.

## **VI COMPANY BODIES**

### **Article 20**

- 20.1 The bodies of the Company are: the Shareholders' Assembly of the Company and the Board of Directors.

## **1. SHAREHOLDERS' ASSEMBLY OF THE COMPANY**

### **Article 21**

- 21.1 The Shareholders' Assembly of the Company, in the process of executing the rights and liabilities, decides only upon issues that have been, by law and by this Statute, defined as issues which fall within the competence of the Shareholders' Assembly of the Company, as follows:

- 1) Modifications to the Statute of the Company
- 2) Approval of the Annual Account, Financial Statements and Annual Report on the operations of the Company in the previous business year, deciding upon the distribution of the profit and defining the amount and method of dividend payments
- 3) Defining the means of covering losses incurred in the accounting period, additional approval of the method of utilization of the proceeds from the Reserve Fund
- 4) Appointment and releasing of the members of the Board of Directors and determining the remuneration which will be paid to the non-executive members of the Board of Directors for their operation
- 5) Approval of the operation and management of the operation of the Company by the members of the Board of Directors
- 6) Change in the share type and class and change in the rights linked to certain types and classes of shares
- 7) Increase and decrease of the share capital of the Company
- 8) Issuing shares and other securities
- 9) Appointment of an authorized auditor for auditing the Annual Account And Financial Statements

- 10) Transformation of the Company into another form of a Company and status modifications of the Company
  - 11) Approval of major transactions in accordance with article 51-55 of this Statute
  - 12) Alterations of the Company's property structure, if the accounting value of the relevant part of the property affected by the alteration exceeds ten percents (10%) of the Company's property net value as set forth in its latest Financial Statements
  - 13) Termination of the Company
  - 14) Other issues defined by law or the Statute of the Company
  - 15) Adopting Rules of Procedure for its operation
- 21.2 The Shareholders' Assembly of the Company may not decide upon issues in the field of managing and governing the Company's operation, which fall within the competence of the Board of Directors.

## **Article 22**

- 22.1 The annual Shareholders' Assembly is convened by the Board of Directors no later than three months after the preparation of the Annual Account, the Financial Statements and the Annual Report on the operations of the Company in the preceding financial year and no later than six months after the end of the calendar year or 14 months from the last annual Shareholders' Assembly.
- 22.2 At the annual Shareholders' Assembly of the Company, the Assembly:
- 1) Reviews the Annual Account, the Financial Statements and the Annual Report on the operations of the Company and brings a Resolution on their adoption
  - 2) Decides on the usage of net profit or coverage of loss, and
  - 3) Decides on the approval of the performance of the members of the Board of Directors, for each individual member of the Board of Directors. If the Shareholders' Assembly does not approve the performance of all members of the Board of Directors, it may decide to proceed with an election of new members to the Board of Directors. If the Shareholders' Assembly does not approve the performance of certain members of the Board of Directors, it may decide to proceed with an election of new members to replace those members whose performance has incurred the Assembly's disapproval.
- 22.3 In the event that the annual Shareholders' Assembly of the Company is not convened or, due to any reasons, is not held within the deadline defined in item 22.1 of this Article, a Resolution on convening the annual Shareholders' Assembly may be adopted by the court upon a proposal of any shareholder.
- 22.4 The Shareholders' Assembly elects the Chairperson of the meeting of the Shareholders' Assembly (hereinafter "Chairperson of the Shareholders' Assembly") from the ranks of the shareholders or the person representing the shareholder. A member of the Board of Directors of the Company may not be elected as the Chairperson of the Shareholders' Assembly. The Chairperson of the Shareholders' Assembly defines the sequence for the operation and maintains order at the meeting of the Shareholders' Assembly, and may also define the rules for chairing the meeting of the Shareholders' Assembly. The Chairperson of the Shareholders' Assembly is elected at each individual meeting. The mandate of the Chairperson of the Shareholders' Assembly is valid until the election of the Chairperson for the following Shareholders' Assembly which is to be held.

### Article 23

- 23.1 Minutes are taken for the operation of the Shareholders' Assembly of the Company.
- 23.2 Minutes are prepared within eight (8) days from the day of holding the Shareholders' Assembly, and signed by the Minute taker and the Chairperson of the Shareholders' Assembly.
- 23.3 If the Shareholders' Assembly of the Company decides to modify certain data which, in accordance with the Law on Trade Companies, are registered in the Trade Register, then the Minutes of the Shareholders' Assembly are taken by a notary.
- 23.4 The Shareholders' Assembly of the Company regulates, in more detail, its operation and the decision-making process, in a separate Rules of Procedure.

### Article 24

- 24.1 Meetings of the Shareholders' Assembly of the Company are convened by the Board of Directors, in accordance with the provisions of the Law on Trade Companies. A meeting may also be convened upon a request by the shareholders holding one-tenth (1/10) of all voting shares, which is to be submitted to the President of the Board of Directors. The Resolution of the Board of Directors on rejecting the request must contain the reasons for such a decision.
- 24.2 In the event that a meeting of the Shareholders' Assembly of the Company is not convened within eight days from the day of receipt of the request of shareholders holding at least one tenth (1/10) of all voting shares, it shall be convened upon a Court resolution, authorizing the shareholders who have requested the convening of the meeting, or their representatives, to convene the meeting, as stipulated in the Law on Trade Companies.
- 24.3 If, upon the request of shareholders holding the majority of all the voting shares, the Board of Directors does not convene a Shareholders' Assembly within 24 hours from the date of submitting the request, the shareholders may submit a proposal on convening the Shareholders' Assembly to the court.
- 24.4 The meeting of the Shareholders' Assembly of the Company is convened by an invitation.
- 24.5 The invitation for the meeting contains at least the following information:
- (1) Company name and seat of the Company
  - (2) Place, date and time of the meeting of the Shareholders' Assembly of the Company
  - (3) Information on the formalities that have to be followed, in order for the shareholders to be able to attend and vote at the Shareholders' Assembly, in accordance with this Statute and the Law
  - (4) Proposed Agenda
  - (5) Manner of availability of the materials prepared for the convened Shareholders' Assembly

24.6 The materials must be available to the shareholders as of the day of submitting the invitation.

#### **Article 25**

25.1 Invitations for convening the meeting of the Shareholders' Assembly of the Company are submitted to all shareholders whose shares grant them the right for participation in the operation of the Shareholders' Assembly which is being convened. The invitation is submitted according to the extract from the shareholders' book, which is not older than three days up to the day of submitting the invitation.

25.2 The submission of the invitation is done in a manner which enables confirmation of the date of submission and the date of its receipt by each shareholder.

25.3 The deadline, calculated from the day of submitting the invitation for participation at the Shareholders' Assembly until the day of holding the Shareholders' Assembly, may not be longer than 50 days nor shorter than 21 days until the day of holding the Shareholders' Assembly.

25.4 The Board of Directors determines the day (date of record) which is used for submitting the invitations according to the extract from the Shareholders' Book, which may not be longer than three days.

#### **Article 26**

26.1 Resolutions may be adopted at the meeting of the Shareholders' Assembly of the Company, if it has been convened in compliance with the laws and the Statute, and if there is a quorum for operation.

26.2 Should there be no quorum, a new meeting shall be scheduled within a fifteen (15) days' period, and shall be deemed legitimate, regardless of the represented shares.

#### **Article 27**

27.1 The Shareholders' Assembly may operate (quorum for operation) if the meeting is attended by verified participants of the Shareholders' Assembly who possess at least the majority of the total number of voting shares.

27.2 The resolutions of the Shareholders' Assembly are adopted by a majority of the voting shares represented at the Shareholders' Assembly, unless the Law on Trade Companies and this Statute determine a larger majority or other conditions are prescribed in terms of the majority by which the resolutions of the Shareholders' Assembly are adopted.

#### **Article 28**

28.1 The Shareholders' Assembly decides by means of public vote. The Shareholders' Assembly assigns at least one person to count the votes.

28.2 The appointment of a member of the Board of Directors or the release of a member of the Board of Directors is performed by means of public vote.

- 28.3 Upon the request of one or several shareholders which possess at least one tenth (1/10) of the total number of voting shares, secret voting is conducted.

### **Article 29**

- 29.1 When the Shareholders' Assembly decides by means of secret voting, the voting is conducted by a Commission for the conduct of secret voting, elected by a Resolution of the Shareholders' Assembly. The Commission must comprise three members. A shareholder, i.e. another person that is a member of the Board of Directors, or the Chairperson of the Shareholders' Assembly at which the secret voting is conducted may not be elected as a member of the Commission. The Commission for the conduct of secret voting is obliged to work in an impartial and unbiased manner.
- 29.2 The Commission operates and secret voting is conducted in accordance with the Law on Trade Companies.
- 29.3 Apart from holding meetings with personal presence, the Shareholders' Assembly of the Company may also allow for the shareholders to vote and decide by holding meeting via conference call, in accordance with Law on Trade Companies.
- 29.4 The Resolutions of the Shareholders' Assembly of the Company enter into force on the day of their adoption, unless the Resolution specifies another date for entering into force.

## **2. BOARD OF DIRECTORS OF THE COMPANY**

### **Article 30**

- 30.1 The Board of Directors of the Company is consisted of fourteen (14) members, out of which twelve (12) will be Non-Executive members and two (2) will be Executive members.
- 30.2 Before the appointment of a member of the Board of Directors of the Company, the Shareholders' Assembly of the Company shall be provided with information for each candidate as defined in the Law, at least 7 days before the election day.
- 30.3 The members of the Board of Directors of the Company are appointed by the Shareholders' Assembly of the Company, with a mandate of four (4) years.
- 30.4 The members of the Board of Directors may be re-appointed, regardless of the number of mandates they previously had in the Board of Directors.
- 30.5 Four out of twelve Non - Executive members of the Board of Directors shall be appointed as Independent members of the Board of Directors, in accordance with the legal terms.
- 30.6 A member of the Board of Directors that has been appointed as an Independent member cannot be appointed for the position of Executive member of the Board of Directors.
- 30.7 Two Executive members will be elected by the Board of Directors from the existing members of the Board of Directors appointed by the Shareholders' Assembly of the Company, with majority of votes from the total number of the members of the Board of Directors.
- 30.8 The Board of Directors will decide who of the elected Executive members will be responsible for management of the activities of the Executive members and upon whose proposal the Board of Directors shall determine the internal organisation and the manner of coordinating the management of

the operations of the company. Such elected Executive member shall be the Chief Executive Officer of the Company. The second Executive member shall be the Chief Operating Officer of the Company.

### **Article 31**

- 31.1 The Board of Directors of the Company, from its Non-Executive members, appoints a President of the Board of Directors, with majority of votes from the total number of members of the Board of Directors.
- 31.2 The President of the Board of Directors:
- 1) Convenes the meetings of the Board of Directors,
  - 2) Establishes the Agenda and presides with the meeting of the Board of Directors,
  - 3) Organizes and monitors the functioning of the Board of Directors and its committees,
  - 4) Takes care of the proper and prompt delivery of information and materials needed for the work of the Board of Directors, and
  - 5) Takes care of the proper, effective and prompt realization of the authorizations which have been assigned to the Board of Directors of the Company with this Statute and the Law on Trade Companies.
- 31.3 In the case of absence of the President, the meeting shall be presided by the Non-Executive member appointed for the position of Vice-President of the Board of Directors.
- 31.4 If the Vice-President of the Board of Directors is also not able to preside with the meeting, the Board of Directors shall elect a chairperson from amongst its members at the meeting itself, with majority of votes from the present members.

### **Article 32**

- 32.1 Except the authorizations given to the Shareholders' Assembly, the Board of Directors of the Company has the widest authorizations in the governance of the Company within its scope of activity, for which realization it has the following authorizations:
- 1) Establishment of the business policy of the Company;
  - 2) Adoption of the Annual Business Plan and adoption of the long-term Strategic Plans of the Company, and giving instructions for their implementation;
  - 3) Establishment and change of the core internal organization of the Company, by determining the the high level organizational structure of the Company, to the level of the areas managed by Chief Officers and the departments managed by Directors, adopts the Rulebook on Internal Organization of the Company, as well as the general part of the Rulebook on Job Systematization of the Company;
  - 4) Adoption of resolutions on closing (termination) or transfer of a company or part of it which participates with more than 10% in the revenue of the Company;
  - 5) Adoption of resolutions on establishment and termination of trade companies;
  - 6) Adoption of resolutions on establishment and termination of branches of the Company;
  - 7) Establishing a long term cooperation with other companies of essential importance for the Company, or its termination;
  - 8) Adoption of the Inventory of Assets;
  - 9) Establishing the need for new employments through determining the total headcount number for each business year, within the frames of Business Plan of the Company;
  - 10) Appointment and release of the Chief Officers and Chief Directors in the Company as persons with special authorizations and responsibilities in the Company (Leading Personnel);
  - 11) Concludes a Collective Agreement with the Trade Union of the Company;
  - 12) Determination of economic, technological and organizational labor surplus;

- 13) Approval of all issues which result in a payment liability from the Company's side that exceeds 1 million EURO or an equivalent amount in any other currency (without VAT), but lower than 20% of the accounting value of the assets of the Company;
  - 14) Approval of large scale deals, i.e. deals referring to assets which value has been assessed to more than 20% but less than 50% of the accounting value of the Company's assets, in accordance with the procedure defined in the Law on Trade Companies;
  - 15) Determination and approval of the Annual targets of the Company and Annual targets achievement;
  - 16) Approval of the annual balance sheets and the financial reports before they are delivered for adoption to the Shareholders' Assembly;
  - 17) Makes recommendations to the shareholders on distribution of revenues generated by the operation of the Company and coverage of losses;
  - 18) Adopts resolutions on investments that are not anticipated in the annual Business Plan
  - 19) Decides on the scrapping and sale of fixed assets of the Company whose individual market value exceeds € 50 thousands (without VAT), but no more than the amount determined in this Statute for major transactions
  - 20) Taking care of the execution of the resolutions of the Shareholders' Assembly of the Company.
  - 21) Performs other activities determined by law and this Statute.
- (2) For all above stated competencies, the Board of Directors decides by passing separate resolutions in a written form, which after adoption shall be signed by the President of the Board of Directors or the person presiding with the meeting.

### **Article 33**

- 33.1 The Board of Directors of the Company will hold meetings at least once in each three months, but when needed, the Board of Directors can meet at any time, in accordance with the provisions of this Statute.
- 33.2 The meetings of the Board of Directors are convened by the President, on his/her own initiative, on initiative of any of the Executive members of the Board of Directors or on initiative of any of the Non-Executive members of the Board of Directors of the Company.

### **Article 34**

- 34.1 The Board of Directors shall be able to work and to pass resolutions if the meeting is attended at least by half of all of its members, i.e. at least seven (7) members. If there is no quorum for operation, the convened meeting shall be re-scheduled in a period not shorter than five working days from the day of the initially scheduled meeting.
- 34.2 The resolutions shall be passed with the majority of votes from the present members, unless the law and this Statute stipulate a higher or another majority.
- 34.3 The vote of the President, i.e. of the Vice – President or other chairperson in his absence, shall not be decisive in the case of tie vote.
- 34.4 The resolutions of the Board of Directors of the Company are enforced as of the day of their adoption, except if otherwise determined in the resolution itself.

### **Article 35**

- 35.1 The Board of Directors may hold its meetings via conference telephone line. The participation at such meetings in this manner is considered as participation in person.

#### **Article 36**

- 36.1 Minutes shall be taken for the meetings of the Board of Directors.
- 36.2 The Minutes from the meeting shall be prepared within three working days after the day of holding the meeting and shall be delivered to all Board members via electronic way.
- 36.3 After its approval at the next regular meeting of the Board of Directors the Minutes shall be signed by all members of the Board of Directors who has been present at the meeting referred in the Minutes.

#### **Article 37**

- 37.1 The Board of Directors has the right to bring conclusions and resolutions in written form without holding a meeting, that shall be delivered to its members in an electronic form. Such conclusions or resolutions shall be considered as adopted if all members of the Board of Directors deliver a signed copy of the concerned resolution that is passed without holding a meeting, as a proof that they agree with its content. The signed copy may be delivered in original, via fax or in an electronic form.
- 37.2 For all resolutions passed in the way described in the previous paragraph, Minutes shall be prepared, which shall then be signed by the President of the Board of Directors and the Minutes keeper, at latest within 30 days as of the day of adoption of the resolution passed without holding a meeting.
- 37.3 The resolutions passed according to this article are entering into force as of the day of giving consent by all members of the Board of Directors, except if otherwise stated in the resolution itself.

#### **Article 38**

- 38.1 The Board of Directors shall regulate in greater detail its functioning and the manner of passing the resolutions with separate Rules of Procedure.

#### **Article 39**

- 39.1 The Board of Directors can establish committees as its advisory/supporting bodies, from its members and other persons (such as: Audit Committee, Remuneration Committee, etc.) and regulates their competences, structure and activities.
- 39.2 All proposals/recommendations of the committees are subject of approval by the Board of Directors.
- 39.3 Such established committees cannot decide upon issues within the competencies of the Board of Directors given by law or with this Statute.

#### **Article 40**

- 40.1 Each member of the Board of Directors performs his/her legally and statutorily assigned authorizations personally, in the interest of the Company with the attention of a prudent and conscientious tradesman.
- 40.2 A member of the Board of Directors cannot transfer his/her authorizations to another member of the Board of Directors or to any other person.
- 40.3 Members of the Board of Directors shall be obliged to keep as a business secret all notifications and data which in any way relate to the work of the Company, and which they have received as



confidential. This obligation continues to exist for 5 (five) years after the termination of their mandate in the Board of Directors.

- 40.4 Members of the Board of Directors who will violate their obligations in relation to the Company shall be held solidarily liable for the caused damage, if they haven't worked and acted with the attention of a prudent and conscientious tradesman. In the case of a dispute, members of the Board of Directors must prove that the actions they have taken have been made with the attention of a prudent and conscientious tradesman.

#### **Article 41**

- 41.1 For each contract or other business activity of the Company in which a member of the Board of Directors, managing person or other persons in close relation with them in the sense of the Law on Trade Companies have an interest, even if indirect, it must be acted in accordance with the provisions of the Law on Trade Companies concerning the approval of transactions with the interested party.
- 41.2 If a member or an interested member of the Board of Directors comes to information that the conditions from paragraph 1 above and from the Law have been fulfilled, he/she is responsible to immediately notify the Board of Directors about this.
- 41.3 The interested member has the right to give his/her explanation, but not to participate in the discussion or in the passing of the resolution concerning the contract or another legal document.
- 41.4 The transactions with the interested party performed contrary to the Law on Trade Companies are considered null and void.

#### **Article 42**

- 42.1 The Shareholders' Assembly may release all or some of the members of the Board of Directors before the official end of their mandate.
- 42.2 An Executive member may also be released by the Board of Directors of the Company. The function of the released Executive member in the Board of Directors rests until the next meeting of the Shareholders' Assembly, on which it shall be decided whether he/she shall be released before the official end of the mandate.
- 42.3 If the Board of Directors of the Company decides to pass a resolution for release of the Executive member, it will appoint a temporary Executive member from the existing members of the Board of Directors, who will carry out this function until passing of a final resolution for appointment of new Executive member by the Board of Directors of the Company.

#### **Article 43**

- 43.1 A member of the Board of Directors may submit a written resignation from his position to the Board of Directors at any time.
- 43.2 The signature of the member of the Board of Directors on the resignation document is certified by a Notary Public.
- 43.3 No resolution shall be passed concerning the submitted written resignation, but on the basis of the submitted resignation an application shall be submitted for deletion of the concerned member of the Board of Directors from the Trade Register.

#### Article 44

- 44.1 With the exception of the competences which, according to the Law on Trade Companies and this Statute, have explicitly been determined to be performed by the Board of Directors or by the Shareholders' Assembly, the elected Executive members will manage and be responsible for the operation of the Company and have the largest authorizations to carry out all actions connected with the management, application of laws and other regulations, execution of the day-to-day activities of the Company and acting in all cases on behalf of the Company within the limitations defined by the Board of Directors or this Statute.
- 44.2 For the realization of their authorizations, Executive members of the Board of Directors, as Chief Executive Officer and Chief Operating Officer of the Company, have especially the following competencies and obligations to:
- 1) Propose the business policy and carries out the adopted business policy;
  - 2) Propose the plans and programs of the Company;
  - 3) Implement the resolutions of the Board of Directors;
  - 4) Manage the functioning of the Company;
  - 5) Propose the internal organization of the Company in the part that is subject of adoption by the Board of Directors,
  - 6) Determine the detailed internal organization of the Company in the part that is below the domain of deciding of the Board of Directors;
  - 7) Make the election of new employees of the Company and concludes employment contracts with them, decide on promotions or downgrading of employees from their current positions and decide on termination of employment relation with individual employees, according to the valid Labor Law;
  - 8) Appoint and release and determine the responsibilities of the Managers (employees with special authorization, e.g. directors, heads) who perform the daily management of the operation of the Company in accordance with the resolutions, guidelines and orders of the Executive members of the Board of Directors;
  - 9) Decide on the staff distribution in accordance with the need of the working process;
  - 10) Determine the prices of products/services of the Company;
  - 11) Decide on scrapping and sale of fixed assets of the Company whose individual market value does not exceed € 50 thousands (without VAT);
  - 12) Decide on establishment of advisory bodies (Management Committee, etc.) in order to comply with their legal and statutory obligations in an efficient manner;
  - 13) Manage other matters related to the management, realization of current activities and the representation of the Company, as well as those matters that according to the Law have been transferred onto them by the Board of Directors.
- 44.3 Except for the issues defined above, the Chief Executive Officer will be especially responsible regarding all other issues related to employees and relations with them.
- 44.4 If the Executive members can not agree on certain major issue given in their competence with this Article, the Chief Executive Officer will have the right and obligation to finally decide on such issues but at the same time the Chief Executive Officer will be obliged to inform the Board of Directors elaborating the reasons for such decision.

#### Article 45

- 45.1 The competencies and obligations defined in Article 44.1 and 44.2 summarize the joint rights and responsibilities of the Executive members of the Board of Directors. However, in every day activities,
- **The Chief Executive Officer** will maintain and improve the relations and cooperation with authorized state institutions as well as other external persons and institutions that are important for the proper and efficient functioning of the Company, on management of the activities of the Executive members, on coordination and supervision of the work of other elected Chief Officers/ Chief Directors and Directors of the Company regarding the scope of their activities within the areas/departments managed by them.
  - **The Chief Operating Officer** will especially focus on supervision of the usual day-to-day business activities of the Company by giving guidelines and orders to the employee regarding the operation of the Company within the guidelines set by the Board of Directors of the Company in compliance with the position of the Chief Executive Officer set in this Statute.

#### Article 46

- 46.1 If any of the Executive members of the Board of Directors is prevented to perform his/her duties for a period longer than one (1) month, the Board of Directors, without any prolongation, shall appoint another Executive member elected from the existing members of the Board of Directors.

#### Article 47

- 47.1 The Company is represented by the Executive members of the Board of Directors.
- 47.2 The signing of contracts, agreements and other legal documents on behalf of the Company whereby the Company undertakes certain obligations shall be performed jointly with two signatories. First signatory is the Chief Executive Officer, and the second signatory is the Chief Operating Officer. In case of a disagreement between the Executive members, which cannot be resolved between them, the Chief Executive Officer has an obligation immediately to escalate the issue to the Board of Directors which will then make the final decision regarding the dispute. Since these issues are arising from the daily operation, they should be treated as urgent and the decision by the Board of Directors should be made within the period of 2 weeks. Such a decision of the Board of Directors should be binding and executed by the Executive BoD members.
- 47.3 In case of absence of one of the Executive members of the Board of Directors, he/she may grant a power of attorney to one of the Chief Officers, Chief Directors or Directors of the Company, of up to one month in duration, to sign contracts, agreements and other legal documents, for which signing the absent Executive member is duly authorized pursuant to the Law and this Statute.
- 47.4 The Chief Executive Officer and the Chief Operating Officer may issue a power of attorney to other person of the Company for signing of contracts, agreements and other legal documents within their competence.

#### Article 48

- 48.1 Authorizations, rights, compensations, duties and responsibilities of the Executive members of the Board of Directors, except the rights and obligations determined with the Law and this Statute, shall be regulated in greater detail with the contract for regulation of the relations between the Company and the concerned Executive member of the BoD.

- 48.2 This contract on behalf of the Company is concluded by the Non-Executive members, and is signed by the President of the Board of Directors.
- 48.3 The way of regulation of relations, as determined in this article, also refers to the regulation of the authorities, rights, compensations, duties and responsibilities of other Chief Officers and Chief Directors, which according to the Law for Trade Companies and this Statute, are appointed by the Board of Directors.

#### **Article 49**

- 49.1 The Executive members are obliged to submit a written report to the Board of Directors for the operation of the Company at least once in every three months.
- 49.2 In accordance with the law, the Executive members are obliged to submit the annual balance sheet, annual financial reports and the annual report of the Company to the Board of Directors, after the end of the business year.

#### **Article 50**

- 50.1 The Non-Executive members of the Board of Directors supervise the work of the Executive members and the work of the Company in general, and in this manner provide recommendations and guidelines.
- 50.2 Upon request of the Non-Executive members, the Executive members are obliged to prepare a special report for the current condition of the Company or for a specific aspect of its operation.
- 50.3 The Non-Executive members are authorized to undertake any activities personally or through their representatives in order to inform themselves about the operation and management of the Company by the Executive members.

### **VII. MAJOR TRANSACTIONS AND PROCEDURE FOR APPROVING MAJOR TRANSACTIONS OF THE COMPANY**

#### **Article 51**

- 51.1 Any transaction (including, but not limited to a loan, credit, pledge, guarantee) or interrelated transactions, are considered to be a major transaction, if such transaction or transactions refer to a direct or indirect acquisition or sale or potential disposal of the company's assets, the value of which represents more than 20% of the book value of the company's assets, determined according to the company's latest financial statements, with the exception of transactions performed in the ordinary course of business of the company, transactions related to acquisitions by registration of common shares of the company, and transactions related to the acquisition of convertible bonds.
- 51.2 In case of a sale or creation of a possibility for disposal of assets, the value of such assets determined according to the latest audited financial statements of the company, and, in case of acquiring assets, the price of the assets to be purchased, is compared to the book value of the Company's assets.
- 51.3 In the event that the Shareholders' Assembly, pursuant to the law, adopts a resolution to approve a major transaction, the resolution is adopted on the basis of the appraised value of the assets being acquired or disposed, as determined by the Board of Directors.

## Article 52

- 52.1 Each major transaction is subject to approval by the Board of Directors or the Shareholders' Assembly, according to its value.
- 52.2 The resolution to approve any major transaction, which refers to assets whose value is estimated to be above 20% to 50% of the book value of the company's assets, is adopted with the consent of all members of the Board of Directors.
- 52.3 In the event that the consent set out in item 52.2 of this article for the approval of the major transaction is not reached, the Board of Directors may decide to submit the major transaction, for which a resolution is to be adopted, for approval to the Shareholders' Assembly. The Shareholders' Assembly adopts the resolution by a majority of the represented voting shares at the Shareholders' Assembly.
- 52.4 The resolution to approve a major transaction involving assets whose value is estimated to be more than 50% of the book value of the company's assets, is adopted by a majority vote of two thirds of the represented voting shares of the Shareholders' Assembly.
- 52.5 The Board of Directors submits a written notification on the major transaction to the Shareholders' Assembly, stating that the Shareholders' Assembly should review the proposal for the major transaction and recommendation by the Board of Directors, including a statement about the shareholders' right to object to the major transaction. The written notification indicates the party or parties to the transaction, the beneficiary or beneficiaries of the transaction, the value, the subject, the scope and other material terms of the transaction.
- 52.6 In case a member of the Board of Directors has a personal interest in the realisation of the major transaction, or acts as an interested party in its approval, the provisions of this Statute pertaining to interested party transactions apply.
- 52.7 A major transaction, which is effected in a manner contrary to the provisions of this Article, is null and void.

## Article 53

- 53.1 Any transaction (including but not limited to a loan, credit, pledge or guarantee) in which a member of the Board of Directors is an interested party, including the managers or a shareholder who together with related parties hold 20% or more of the company's voting shares, or a person who has the authorisation to provide mandatory instructions to the company, is considered as a transaction with an interested party and is executed by the company pursuant to procedure in compliance with the provisions of this Statute.
- 53.2 The person referred to in item 53.1 of this Article is deemed as an interested party and as a party having an interest in the realisation of the transaction by the company, if such a person, his representative, spouse, parents, children, brothers/sisters from both parents or from one parent only, adoptive parents, adopted children, and/or any related party (hereinafter: interested party):
- 1) is a party to such transaction, a beneficiary thereof, a representative or intermediary in such transaction; or

- 2) individually or jointly owns 20% or more of the shares of the legal entity that is a party in the transaction, a beneficiary thereof, a representative or intermediary in such transaction; or
- 3) is a member of the Board of Directors which is a party in the transaction, a beneficiary thereof or representative in such transaction, or is a manager

53.3 Provisions from items 53.1 and 53.2 of this Article do not apply:

- 1) if all shareholders of the Company have an interest in the transaction
- 2) in case of exercising a pre-emptive right to purchase shares issued by the Company and
- 3) in the case of acquisition or redemption of a company's own shares.

#### **Article 54**

54.1 Persons referred to in article 53 of this Statute are obliged to notify the Board of Directors on:

- 1) the companies in which they alone or together with related parties possess 20% or more in the stake, i.e. voting shares
- 2) the companies in whose bodies they perform certain managerial positions and
- 3) current or potential transactions known to them, in which they act as interested parties.

#### **Article 55**

55.1 Any transaction with an interested party is subject to prior approval by the Board of Directors or the Shareholders' Assembly, in a manner and in accordance with the procedure set out in this Article and the Law on Trade Companies.

55.2 The resolution to approve a transaction with an interested party is reached by a majority of votes of the members of the Board of Directors who do not have an interest in the transaction. If all members of the Board of Directors are interested parties, or if the number of disinterested members of the Board of Directors is less than the quorum required for a meeting of the Board of Directors defined in this Statute, such transaction is approved by the Shareholders' Assembly.

55.3 The transaction with the interested party is approved by the Shareholders' Assembly with a majority vote of all disinterested shareholders who own voting shares if:

- 1) the value of assets involved in such transaction or series of related transactions is 2% or more of the book value of the Company's assets, based on the Company's latest audited financial statements or related to the offered price in case of purchasing a property
- 2) a transaction or related transactions refer to issuing of shares by registration or the sale of shares that represent more than 2% of the Company's common shares outstanding in that period, and the common shares into which securities previously issued in series and convertible into shares, can be converted or
- 3) a transaction or related transactions refer to issuing of convertible bonds by registration, which may be converted into common shares and which represent more than 2% of the Company's issued common shares, and if at the same time, the common shares previously issued in series may be converted into shares.

55.4 The resolution to approve a transaction with an interested party specifies the person who is a party to the transaction or the beneficiary thereof, as well as the value, subject matter and other material terms of the transaction.

55.5 The Board of Directors specifies the price of the assets or services sold or purchased through the transaction during the procedure for approval of the transaction with an interested party.

55.6 The transaction with an interested party made contrary to the provisions of this section of this Statute and the Law on Trade Companies, are null and void.

## **VIII. BUSINESS SECRET**

### **Article 56**

56.1 The business secret consists of acts, documents and data whose disclosure and presentation to an unauthorized person is contrary to the interests and the reputation of the Company.

### **Article 57**

57.1 All the employees, shareholders (their proxies) and members of the Board of Directors of the Company are obliged to keep the business secret of the Company. The responsibility for keeping the business secret continues at least two years after the termination of the employment in the Company.

## **IX. DEFENCE**

### **Article 58**

58.1 Pursuant to the Defence Law and the internal acts of the Company, the Company prepares itself for performing telecommunications traffic during a state of war.

### **Article 59**

59.1 In a state of war, the Company takes measures for protecting and saving the employees and property, including protection of telecommunication facilities against warlike activities.

### **Article 60**

60.1 In a state of war, the Company is obliged to give priority to providing telecommunication services for the needs of the army, state authority bodies and companies of a special importance to defence.

## **X. TRANSPARENCY IN THE OPERATION**

### **Article 61**

61.1 The service users and the employees in the Company are informed about all issues related to the operation of the Company through the means of public informing and the internal informing facilities of the Company.

**Article 62**

- 62.1 In order to achieve timely informing of the employees regarding the operation and the activities of the Company, the Company issues an internal official bulletin and other professional informative publications.

**XI. ENVIRONMENT PROTECTION AND PROMOTION****Article 63**

- 63.1 The Company is obliged, pursuant to the law, to perform its activity in a way that ensures environment protection and promotion.
- 63.2 The environment protection and promotion is regulated by a general act of the Company.

**XII. COOPERATION WITH THE TRADE UNION****Article 64**

- 64.1 The rights, duties and liabilities of the employees from the employment, and of the Company (as Employer), as well as the scope and the way of exercising rights and duties and other provisions regarding issues that are in the best interest of the employees and the Employer, as well as the way and the procedure for resolving mutual disputes, are regulated in a Collective Agreement concluded between the Company (as Employer) and the majority Trade Union.

**XIII. GENERAL ACTS****Article 65**

- 65.1 General acts of the Company are: Statute, Rulebooks, Directives, Resolutions and other acts defined by the law and this Statute. If some provision from another act of the Company is not in compliance with the Statute, the provisions of the Statute shall be applied.
- 65.2 Rights, liabilities, responsibilities and other matters arising from the employment of the employees in the Company are regulated by a Collective Agreement and other general acts of the Company.

**Article 66**

- 66.1 The general acts are published in the internal bulletin of the Company or on the Intranet page of the Company.



**XIV. TRANSITIONAL AND FINAL PROVISIONS****Article 67**

- 67.1 Until adoption or modification of general acts, the existing general acts of the Company shall be applied, provided they are not contrary to the law or this Statute.

**Article 68**

- 68.1 This Statute is prepared in Macedonian and in English languages, both of which are considered originals. In case of any discrepancy between the original texts of this Statute written in Macedonian and in English, the Macedonian version shall prevail.
- 68.2 All written authorizations, invitations, decisions, minutes, and resolutions relating to, and documents to be presented at, meetings of the shareholders or the directors of the Company, shall be prepared and presented to the shareholders or the members of the Board of Directors, as applicable, in both Macedonian and English.

**Article 69**

- 69.1 Procedure for modification of this Statute may be initiated by the Board of Directors as well as the shareholders having at least one tenth (1/10) of the total number of voting shares. The initiative in a form of amendments is submitted to the Board of Directors.
- 69.2 The Proposed Resolution on modification to this Statute which contains the proposed modifications, regardless of the submitter of the initiative, is defined by the Board of Directors. The defined proposed Resolution on modification to the Statute must contain an explanation.
- 69.3 The modification to the Statute enters into force on the day of adoption of the Resolution on modification to the Statute, unless another date for entering into force is specified by the Resolution on modification to the Statute.

**Article 70**

- 70.1 This new Statute shall be applicable as of 1 July 2015.  
As of the date of the application of this new Statute, the current Statute of the Company (revised integral text, Arch No. 338852/1 dated 07.09.2012) shall cease to be valid.

**Shareholders' Assembly**  
**Chairman**