

BOSNALIJEK d.d.

S T A T U T E
of
Bosnalijek d.d.
(Consolidated text)

Date: 18/09/2017



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Pursuant to the provisions of Article 4 of the Decision on Amendments to the Statute of Bosnalijek d.d. No. 1506/17 dd 03.06.2017, at its 2nd regular meeting held on 18.09.2017, the Supervisory Board of Bosnalijek d.d. adopted the Consolidated Text of the Statute of Bosnalijek d.d., that includes the Statute of Bosnalijek d.d. No.: 1347/16 dd 23.06.2016 and the Decision on Amendments to the Statute of Bosnalijek d.d. No. 1506/17 dd 03.06.2017 with the effective dates, that reads as follows:

THE STATUTE (Consolidated text)

I GENERAL PROVISIONS

1. Statute's subject and scope

Article 1

This Statute shall regulate the issues of importance for legal position and acting in legal transactions, equity and shares, management, status changes and termination of the company Bosnalijek, Pharmaceutical and Chemical Industry, Joint Stock Company (hereinafter: Company) and other issues in accordance with the Law on Companies (Official Gazette of the BiH Federation, no. 81/15 – hereinafter: Law and/or Law on Companies).

2. Company's legal position and capacity

Article 2

Bosnalijek is a legal entity, organized in the form of a joint stock company managed by shareholders in accordance with this Statute and the Law, which autonomously performs the activity of manufacture and sale of products and service provision in the market with the purpose of making profit and to that effect acts in legal transactions, acquires rights and undertakes obligations for which it shall be liable to the extent of the totality of its assets, while the shareholders shall not be liable for the Company's obligations, nor shall the Company be liable for the obligations of the shareholders toward third entities.

3. Company's business history

Article 3

- (1) Bosnalijek was founded by a decision of the Government of the People's Republic of Bosnia and Herzegovina, number: 14/51 of January 10, 1951. After its incorporation, the Company underwent status changes on several occasions, either through merger with other companies, detaching of its parts for the purpose of forming independent companies or transformations into mandatory legal forms, the last of which was made by organizing of a former social company into a joint stock



company on the basis of subscription and payment of internal shares according to the Law on Social Capital ("SFRJ Official Gazette", no. 84/90 and 46/90) and the Law on Payment of Salaries, Funds for Direct Joint Consumption and Funds for Food of the Employees During Working Hours ("SFRJ Official Gazette", number 37/90), which was entered in the Court Register of the former Basic Joint Labor Court in Sarajevo under decision no. U/I-3769/91.

- (2) Based on the performed audit of the previously made ownership transformation, approved initial balance sheet and privatization program as well as the consent of the Federal Ministry of Energy, Mining and Industry Sarajevo, number 13-02-662/00 of 06/ 04/2000, an entry in the Court Register of the performed privatization of "Bosnalijek" and compliance with the Law was made on the basis of a decision of the Cantonal Agency for Privatization Sarajevo, number 21-04/3-19-2650-2 of 24/04/2000. This was made with the Cantonal Court of Sarajevo on the basis of a decision number UF/I-258/01 of 27/07/2001, under the registration number of the subject of entry 1-1727 (valid MBS: 65-02-0050-11), and with the Securities' Commission of the Federation of Bosnia and Herzegovina on the basis of a decision number 011989/00 of 19/10/2000 under registration number 01-29-99 and decision number 03-19-175/00 of 11/01/2001 under registration number 01-29-133.

II COMPANY'S NAME, TRADEMARK, HEADQUARTERS, ACTIVITY, REPRESENTATION, BUSINESS SECRET AND BAN ON COMPETITION

1. Name

Article 4

- (1) The Company's name in the Bosnian language shall be: Bosnalijek, farmaceutska i hemijska industrija, dioničko društvo.
- (2) The Company's abbreviated name in the Bosnian language shall be: Bosnalijek d.d.
- (3) The Company's name in the English language shall be: Bosnalijek, Pharmaceutical and Chemical Industry, Joint Stock Company.
- (4) The Company's name written in the Bosnian language can be used autonomously, whereas the Company's name written in the English language can be used only with the full name in the Bosnian language.
- (5) The Company's Supervisory Board shall be authorized to adopt a decision on the change of the Company's name in case when it is imposed by regulations or other



administrative reasons, and it shall be obliged to publish such a decision no later than eight days from the day of its adoption, in the manner stipulated by this Statute's provisions on publishing of notifications on the General Meeting's holding.

2. Trademark

Article 5

- (1) The Company shall have its trademark, which it shall use together with the name for product labeling, in business correspondence and public communication.
- (2) The form and the content of the Company's trademark and the manner of its use and protection, shall, upon the CEO's proposal, be prescribed by the Company's Supervisory Board.

3. Headquarters

Article 6

- (1) The Company's Headquarters shall be in Sarajevo, Jukićeva, number 53.
- (2) The Company's Supervisory Board shall be authorized to adopt a decision on the change of the Company's Headquarters' address in the same place, in case when it is imposed by regulations or other administrative reasons, and it shall be obliged to publish such a decision no later than eight days from the day of its adoption, in the manner stipulated by the provisions of this Statute on publishing of notifications on the General Meeting's holding.

4. Activity

Article 7

- (1) The Company's activity shall be:

01.62 Support activities for animal breeding
02.40 Support services in forestry
10.83 Tea and coffee processing
10.86 Manufacture of homogenized food preparations and dietetic food
13.30 Textile finishing
20.41 Manufacture of soaps and detergents and cleaning and polishing products
20.42 Manufacture of perfumes and toiletries



20.53 Manufacture of essential oils
20.59 Manufacture of other chemical products n.e.c.
21.10 Manufacture of basic pharmaceutical products
21.20 Manufacture of pharmaceutical products
22.22 Manufacture of plastic packaging goods
24.41 Precious metals production
24.43 Lead, zinc and tin production
24.45 Other non-ferrous metal production
25.99 Manufacture of other fabricated metal products n.e.c.
26.11 Manufacture of electronic components
32.50 Manufacture of medical and dental instruments and supplies
38.31 Dismantling of wrecks
38.32 Recycling of sorted materials
41.10 Development of building projects
42.11 Construction of roads and highways
42.12 Construction of railways and underground railways
42.13 Construction of bridges and tunnels
42.21 Construction of utility projects for fluids
42.22 Construction of utility projects for electricity and telecommunications
42.91 Construction of water projects
42.99 Construction of other civil engineering projects, n.e.c.
46.12 Agency in the sale of fuels, ores, metals and industrial chemicals
46.44 Wholesale of china, glassware and cleaning products
46.45 Wholesale of perfume and cosmetics
46.46 Wholesale of pharmaceutical products
46.49 Wholesale of other household products
46.69 Wholesale of other machinery and equipment
46.73 Wholesale of wood, construction material and sanitary equipment
46.75 Wholesale of chemical products
46.76 Wholesale of other intermediate products
47.74 Retail sale of medical products and orthopedic devices in specialized stores
47.75 Retail of cosmetics and toiletries in specialized stores
52.10 Warehousing and storage
55.10 Hotels and similar accommodation
55.20 Resorts and similar short-stay facilities
56.10 Restaurants and other catering services
56.30 Beverage serving activities
58.11 Book publishing
58.12 Publishing of directories and mailing lists
58.13 Newspaper publishing
58.14 Publishing of journals and periodicals
58.19 Other publishing activities
58.21 Publishing of computer games



58.29 Other software publishing
59.20 Sound recording and music publishing activities
60.10 Radio broadcasting
60.20 Television programming and broadcasting activities
62.01 Computer programming
62.02 IT consulting
62.03 IT equipment and system management
62.09 Other IT and computer service activities
63.11 Data processing, hosting and related activities
63.12 Web portals
63.99 Other information service activities n.e.c.
66.12 Security and commodity contracts brokerage
66.19 Other activities auxiliary to financial services, except insurance and pension funding
68.10 Buying and selling of own real estate
68.20 Renting and operating of own or leased real estate
70.21 Public relations and communication activities
70.22 Business and other management consultancy services
71.11 Architectural activities
71.12 Engineering activities and related technical consultancy
71.20 Technical testing and analysis
72.11 Research and experimental development in biotechnology
72.19 Other research and experimental development within natural, technical and technological sciences
72.20 Research and experimental development in social and humanistic sciences
73.11 Promotion (advertising and propaganda) agencies
73.12 Media representation
73.20 Market research and public opinion polling
74.10 Specialized design activities
74.20 Photographic activities
74.90 Other professional, scientific and technical activities n.e.c.
77.21 Renting and leasing of recreational and sports goods
77.22 Renting of video tapes and discs
77.29 Renting and leasing of other personal and household goods
77.40 Leasing of intellectual property and similar products, except copyrighted works
78.10 Activities of employment placement agencies
79.90 Other reservation services and related activities
82.30 Organization of conventions and trade shows
82.91 Activities of collection agencies and credit bureaus
82.92 Packaging activities
82.99 Other business support service activities n.e.c.
85.32 Technical and vocational secondary education
85.51 Sports and recreation education
85.52 Cultural education



- 85.59 Other education n.e.c.
- 85.60 Educational support activities
- 93.13 Fitness centers
- 93.29 Other leisure and recreational activities
- 95.12 Repair of communication equipment
- 95.23 Repair of footwear and leather goods
- 95.29 Repair of other personal and household goods
- 96.04 Physical well-being activities

(2) Within the activities from paragraph (1) of this Article, the Company shall perform foreign trade activities, namely:

- a) Representation and agency in the trade of goods and services;
- b) Export and import of goods and services in local border traffic;
- c) International transport of goods and services;
- d) Representation of foreign persons;
- e) Investment activities abroad and assignment of investment works to a foreign person;
- f) Import and export of goods and services;
- g) Consignment sale;

(3) The Company's Supervisory Board shall be authorized to adopt a decision on amendments of the Company's activity which are imposed by regulations or other administrative reasons.

5. Company's representation

Article 8

- (1) The Company shall be represented by the Management.
- (2) The Management shall organize the work and manage the operations, represent the Company and be liable for the legality of the Company's operations.
- (3) The persons authorized for representation shall be entered into the Court Register.
- (4) The person with authorizations for representation entered in the Court Register shall be authorized to undertake any actions and perform any tasks on behalf of the Company within the authorizations entered in the Court Register.



- (5) The person with authorizations for representation who violates the restrictions from paragraph (1) of this Article shall be liable for the damage thereby caused to the Company or to a third person with whom a deal was concluded.
- (6) The person who has been entrusted with the performance of certain tasks within the Company's activity, shall be authorized to undertake any actions and conclude the deals which are usually performed with or arise from the deals that had been entrusted to him/her.
- (7) The Company shall be liable for the obligations which, on its behalf, a person authorized by it creates by violating an authorization, if a third person was not aware or could not be aware of the authorization violation.

Article 9

- (1) A written authorization for undertaking of any legal actions and tasks, except for real estate transfer and encumbrance, on behalf of the entire Company or one or more of its affiliates (hereinafter: procuration) can, upon the CEO's proposal, be given by the Company's Supervisory Board to a natural person (hereinafter: procurator), excluding Executive Directors, Supervisory Board's chairman and members or any other person who at the time of giving of procuration to the CEO, the Supervisory Board's chairman or some of the members was aware or must have been aware that there was or that during the execution of the procuration there could have arisen a conflict of interest between the procurator and the Company's interests.
- (2) In case that two or a greater number of persons have been given a joint procuration, the procurators shall give the declarations of will jointly and with mutual consent, however they can receive the other party's declarations of will individually as well, whereas in the case that two or a greater number of persons have been given a procuration which is not specifically determined as a joint one, each procurators shall represent the Company individually.
- (3) The procurator cannot assign his/her authorizations to another person, and the procuration shall terminate by means of the Company's recall or the procurator's cancellation, death, constraint or loss of working capacity or termination of his/her employment in the Company in case the procuration is related to the employment, and by putting the Company into bankruptcy or the Company's termination due to any legal reason regardless of the existence of a legal successor.



- (4) The Company's CEO shall be obliged to submit an application for entry and termination of the procurator in the Court Register, no later than 30 days from the day of giving, or termination of the procurator.
- (5) In case of the procurator recall by the Company or its cancellation by the procurator, the procurator shall be obliged to perform the tasks whose termination could cause damage to the Company until their takeover by the Company's CEO, and 30 days at the longest from the day of recall or cancellation or until the day of submitting of a request for the procurator termination entry in the Court Register if it was submitted before expiry of that term.

6. Persons with special duties and conflict of interest with the Company

Article 10

- (1) The following persons shall have special duties toward the Company:
- a) A shareholder who possesses a significant share in the Company's equity or a shareholder which is a control shareholder in terms of related parties;
 - b) Management members, Supervisory Board's chairman and members, representatives and procurator;
 - c) Liquidator and (compulsory) administrative receiver;
- (2) A significant share in the Company's equity within the meaning of paragraph (1), item a) of this Article shall be a minimum 20% share in the Company's equity.
- (3) A controlling shareholder within the meaning of paragraph (1), item a) of this Article shall be a person holding more than 50% of voting rights in the Company on the basis of ordinary shares or who in some other way has a controlling influence over management and conducting of the Company's operations.
- (4) The persons from paragraph (1) of this Article shall perform their tasks conscientiously, with the due care and diligence of a prudent businessman and with reasonable conviction that they act in the Company's best interest (hereinafter: due diligence).
- (5) The person who acts with due diligence shall not be liable for the damage caused to the Company from such an estimation.



- (6) The Company can file an action against the persons from paragraph (1), items b) and c) of this Article for the compensation of the damage caused by such persons in violation of the due diligence from paragraph (4) of this Article.

Article 11

- (1) Personal interest shall exist in case if the person from Article 10, paragraph (1) of this Statute or a member of his family is:

- a) A contracting party in a legal transaction with the Company;
- b) In a financial relationship with a person from a legal transaction who concludes a contract with the Company or who has financial interests in that transaction based on which it can be expected that they will have an influence on his/her acting contrary to the Company's interest;
- c) Under control influence from a party from the legal transaction or a person who has financial interest in the legal transaction or act so that it can be reasonably expected that they have an influence on his/her acting contrary to the Company's interest;

- (2) Under family member of the person from paragraph (1) of this Article shall be considered:

- a) His/her spouse, that spouse's parents, brother or sister;
- b) His/her child, parents, brother or sister;
- c) His/her lineal descendant or collateral descendant up to the second degree, adopter and adoptee, or a first degree relative by marriage;
- d) Other persons who live together with that person in a common household;

- (3) The persons from Article 10, paragraph (1) and paragraph (2) of this Article shall be considered related persons within the meaning of the Law and this Statute.

- (4) For all transactions from paragraph (1) of this Article, the related persons shall present all facts of significance for decision-making and shall procure a prior approval of the Supervisory Board.



Article 12

- (1) The Company can file an action against the person from Article 10, paragraph (1) of this Statute who had a personal interest in a legal transaction and seek compensation for the damage if no prior approval had been procured for that legal transaction or if during decision-making regarding the approval of the legal transaction the Company's Supervisory Board was not presented with all the facts of importance for such decision-making.
- (2) If the defendant is a member of the Management, the Company shall be represented by a person appointed by the Company's Supervisory Board.

Article 13

- (1) The persons from Article 10, paragraph (1) of this Statute cannot in their own interest or in the interest of persons related to them:
 - a) Use the Company's assets;
 - b) Use the information which they acquired in that capacity and which is not publicly available;
 - c) Abuse their status in the Company;
 - d) Use the opportunities for concluding a deal which comes up for the Company;
- (2) The obligation of avoiding a conflict of interest shall exist independently of whether the Company was able to use the assets, information or conclude the deals from paragraph (1) of this Article.

Article 14

- (1) The Company can file an action against the person from Article 10, paragraph (1) of this Statute who violates the obligation of avoiding the conflict of interest from Article 13 of this Statute whereby it can demand:
 - a) A compensation of the damage or
 - b) Assignment to the Company of the benefit which that person, or the related person from Article 11, paragraph (3) of this Statute realized as a consequence of that violation of obligation;
- (2) If the defendant is a member of the Management, the Company shall be represented by a person appointed by the Company's Supervisory Board.



7. Business secret and ban on competition

Article 15

- (1) Each member of the Supervisory Board and the Company's Management and procurator cannot, without approval of the competent authority which appoints him/her in accordance with this Statute for the duration of that capacity in the Company and two years after its termination, participate in that capacity or as an employee of another company or as an independent entrepreneur in an activity which is or which could be in a competitive relation with the Company's activity.
- (2) The Company can seek from the person who violates the ban on competition from the previous paragraph of this Article, a compensation for the damage and assignment of the concluded deals, or transfer of the realized benefit or right from the concluded deals within three months from becoming aware of the violation, and at the latest three years from the moment the violation of the ban on competition was made.
- (3) Each member of the Company's Supervisory Board, Management and the Audit Board shall be obliged to notify the Company in writing about any acquisition or sale of the Company's shares by him/herself or the persons related to him/her, no later than on the next workday from the day of acquisition or alienation, and the Company shall be obliged within 5 days from the day of receiving the notification to submit the same to the Stock Exchange on which the shares are listed.

Article 16

- (1) A business secret shall be considered the information about the operations, plans and intentions for which it is obvious that it would cause a significant damage to the Company should it be disclosed to third persons without the Company's approval.
- (2) The information, documents and data representing the business secret, as well as the manner and persons responsible for their use, distribution and protection shall be determined by a written act by the Company's CEO.
- (3) The information which has been made public by the law and other regulations and the information on violation of the law and other regulations shall not be considered business secret.



- (4) The person who violates the obligation of keeping the business secret shall bear legal and labor, criminal and material responsibility in accordance with the law and general acts of the Company.

III EQUITY

1. Equity amount, number, class and nominal value of the shares

Article 17

- (1) The Company's equity totals BAM 88,299,870.00 (in words: eighty eight million two hundred ninety nine thousand eight hundred seventy Convertible Marks).
- (2) The Company's equity from paragraph (1) of this Article is divided into 8.596.256 (in words: eight million five hundred ninety six thousand two hundred and fifty six) ordinary shares whose nominal value is 10 (ten) BAM and 233.731 (in words: two hundred thirty three thousand seven hundred thirty one) shares for the employees whose nominal value is 10 (ten) BAM.
- (3) The amount of the equity from paragraph (1), and the number and/or nominal value of the shares from paragraph (2) of this Article can be changed by the General Meeting's decision or the Supervisory Board's decision in case when it is strictly authorized to do so by the provision of this Statute or the General Meeting's decision, whereby such a decision of the General Meeting or the Supervisory Board shall change the provisions of the paragraph (1) and/or paragraph (2) of this Article and it shall become an integral part of this Statute.

2. Equity increase

Article 18

- (1) An increase in equity shall be done on the basis of a decision which, upon proposal of the Supervisory Board, shall be adopted by the Company's General Meeting by a two-thirds (2/3) majority of the represented voting shares, by each share class and in accordance with the law.
- (2) The Company's Supervisory Board shall be authorized to adopt a decision on equity increase, namely by:

- a) Issuance of new shares;



- b) From the reserve fund above the amount totaling minimum 25% of the Company's equity;
 - c) Issuance of employee shares from profit;
- (3) In the cases from items a) and b) of the previous paragraph, equity increase can be made in the amount of maximum one third (1/3) of the amount of equity on the day of adopting of the decision.
- (4) The authorization from paragraph (2) of this Article shall be valid for maximum five years from the day of coming into effect of this Statute.
- (5) The method of assessment of the kinds and titles by whose entry new shares are paid for, shall be determined by a separate decision of the General Meeting.
- (6) When an increase of the Company's equity is made by issuance of new shares and/or other securities, and in cases stipulated by provisions of Article 34, paragraph (2) of the valid Law on Securities Market (Official Gazette of FBH no. 85/08, 109/12 and 86/15), a member of the Supervisory Board and/or Company Management who should refuse to sign immediately the adopted prospectus on issuance of securities shall be required to justify the reasons for refusal in writing and provide them to the Chairman and other members of the Supervisory Board no later than within 3 (three) days from the date of receipt of the prospectus on issuance of securities.

3. Procedure in case of non-payment of subscribed shares

Article 19

- (1) The shareholder shall be obliged to pay for the subscribed shares at the share price upon issuance, namely:
- a) In their totality within the term for subscription and payment when it is determined by the decision on issuance;
 - b) When the decision on issuance foresees the possibility of installment payment, the totality of the shareholders' premium and 30% of the nominal value before subscription of shares, and the remaining amount in installments, at the latest within six months from the day of adoption of the Commission's decision on successful issuance of shares;



- c) The totality of shareholders' premium and 50% of the share nominal value or the share price upon issuance before subscription of the integrated equity increase into the Register of Issuers, and the remaining amount in installments, at the latest within six months from the day of adoption of the Commission's decision on successful issuance of shares;
- d) In totality before equity subscription into the Register of Issuers, if the shares are paid for entirely or partially by entry of kinds and titles;

Article 20

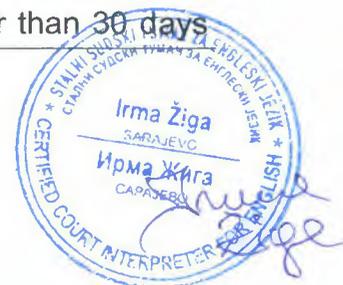
When the payment of newly issued shares is effected in installments, the Company's Management shall be obliged, based on the depositary's report on the payment of the last installment, to submit to the Securities Commission of the Federation of Bosnia and Herzegovina (hereinafter: Commission) and the Register of Securities of the Federation of Bosnia and Herzegovina (hereinafter: Register) a report on the subscribers who paid for the totality of the amount of shares.

Article 21

(1) When the shares from a new issuance are paid for in installments, the Company shall be obliged, through a depositary, to address to the subscriber who does not fulfill the obligation of paying an individual installment within its maturity, a written invitation to pay, within 30 days from the maturity date of the outstanding installment, the totality of the amount of the remaining liability up to the full price of subscribed shares upon issuance, with a warning that in case of non-fulfillment of that obligation s/he will be excluded from the Company.

(2) Based on the depositary's report and within eight days from its reception, the Supervisory Board shall exclude from the Company the subscriber who, upon the invitation from the previous paragraph of this Article, does not fulfill the obligation of paying for the remaining liability up to the full price of subscribed shares upon issuance, and the Company's Management shall be obliged to enter the decision on it into the shareholders' list with the Register and into the Book of Interim Certificates, publish it in one daily newspaper published in the Federation of Bosnia and Herzegovina and submit it by registered mail to the subscriber no later than eight days from the day of adopting of the decision.

(3) Along with the decision from paragraph (2) of this Article, the Company's Management shall be obliged to address to the subscriber a written invitation to return, through the depositary, the interim certificate to the Company, but no later than 30 days



from the day of adoption of the decision from paragraph (2) of this Article, with a warning that upon expiry of that deadline his/her interim certificate shall be pronounced invalid.

4. Equity decrease

Article 22

(1) The Company can decrease the equity for the purpose of:

- a) Allocating part of the loss from operations remaining after the previous loss allocation to debit of shareholders' premium, retained profit and reserve fund;
- b) Transferring part of the equity into the reserve fund for coverage of future loss from operations;
- c) Harmonizing the equity amount with the changes in assets' value and structure or the scope and efficiency of the Company's operations;

(2) The Company's equity cannot be decreased below the minimum amount of equity of a joint stock company stipulated by the law.

Article 23

Upon the Supervisory Board's proposal, the Company's General Meeting shall adopt a decision on equity decrease by a two-thirds (2/3) majority of the represented voting shares, by means of a separate voting by each share class and in accordance with the Law.

IV RESERVE FUND

Article 24

(1) The Company has a reserve fund which shall amount to minimum 25% of the Company's equity.

(2) The reserve fund shall be formed from the retained profit from the previous years and the shareholders' premium by means of profit allocation over the last business year.

(3) Allocations into the reserve fund shall be performed in accordance with the provisions of the Law on Companies.



Article 25

The reserve Fund shall be used for coverage of losses and other unforeseen expenditures within the Company's operations.

Article 26

Above the mandatory amount from Article 24, paragraph (1) of this Statute, the reserve fund can also be used for supplementing the dividend that is allocated to the shareholders, up to maximum 5% of the equity, and by increasing the nominal value of the existing shares or issuance of free shares.

V LOSS AND LOSS COVERAGE

Article 27

(1) The Company's General Meeting shall be obliged to adopt a decision on the coverage of loss from operations when deciding about the semi-annual and/or annual financial report, together with the report by an external auditor, Supervisory and Audit Boards, for the reporting period for which the loss was presented.

(2) To the extent of their availability, loss coverage shall be performed to the expense of:

- a) Reserve fund;
- b) Retained profit;
- c) Shareholders' premium
- d) Equity;

(3) In case of loss coverage at the expense of equity, the Company's General Meeting shall concomitantly adopt a decision on equity decrease, in accordance with the provisions of this Statute.

Article 28

(1) When in an annual or semi-annual account, the Company presents a loss in the amount higher than the sum of one third (1/3) of equity and the amount of the reserve fund from Article 24 of this Statute, or when in the course of a business year circumstances arise which indicate that the value of the Company's assets is less or until the end of the year could be less than the amount of liabilities, the Supervisory Board shall be obliged to



convene the Company's General Meeting.

(2) In the case from the previous paragraph of this Article, on the basis of the Supervisory Board's report which shall include balance sheet and profit and loss statement together with a report by an external auditor, the General Meeting shall adopt a decision on continuation of operations or on termination or liquidation of the Company.

VI SHARES AND SHAREHOLDERS' RIGHTS

1. General provisions on the Company's shares

Article 29

- (1) The Company's shares shall be dematerialized, indivisible and personal.
- (2) A share can be registered jointly in the names on several persons who are represented before the Company by one of them or a third person.
- (3) The shares shall be unrestrictedly transferable and can be the subject of lien, right of usufruct, right of redemption and right of first refusal in accordance with the law. Share trade can be restricted by the law or a general act of the Commission, but the trade can also be restricted by the Company in the cases provided by the law and by a shareholder for the benefit of a third person. A ban on transfer can be prescribed by a decision of a court or another competent body, as well as the Commission in the cases provided by the law and general acts of the Commission.
- (4) For transfer and establishment of lien, right of usufruct, right of redemption and preemptive right no Company's consent shall be necessary.
- (5) A transfer of a share shall imply a transfer of all rights contained in the share.
- (6) The right of share ownership shall be acquired by subscription of a share on the shareholder's account with the Register.
- (7) The basis for ownership acquisition and transfer shall be the law, legal transaction, decisions related to the issuance of shares, decisions by a court and another competent authority.



(8) The rights from the shares shall be acquired, restricted or shall terminate by a relevant subscription with the Register, and the basis for acquiring and limiting the rights from a share shall be legal transaction, decision by a court or another competent authority, law and other regulation, or a general act of the issuer when provided by the law.

Article 30

- (1) The Company can issue shares of different classes, with the same class shares containing the same rights.
- (2) The Company cannot issue the shares which grant the right on more than one vote per share, nor the shares with no voting right whatsoever.
- (3) The Company's shares, except for ordinary shares, shall contain the mark of the class.
- (4) The class, number and nominal value of the shares shall be determined by the decisions of the Company's General Meeting and/or Supervisory Board on equity increase, equity decrease, conversion, denomination, joining or distribution of shares, and these decisions shall override the relevant provisions of this Statute and shall become its integral part.
- (5) The Company can have the following classes of shares in accordance with the Law:

- a) Ordinary shares;
- b) Priority shares;
- c) Employee shares;
- d) Own shares;

2. Rights contained in ordinary shares

Article 31

- (1) A share contains the rights on participation in:
 - a) The Company's management;
 - b) Profit allocation;
 - c) Division of the assets remaining after the Company's bankruptcy or liquidation.

Article 32

- (1) A shareholder has the right to participate in the work and decision-making of the Company's General Meeting.



- (2) A shareholder has the right to one vote for each ordinary share.
- (3) A shareholder cannot vote on the decisions referring to his/her actions, responsibility and the Company's claims from him/her.

Article 33

- (1) A shareholder shall have the right, directly or through a proxy, to inspect, and with a compensation of actual costs, to obtain the copies of the Company's reports and documents which are significant for realizing the right on being informed and participating in managing the Company, in particular:
- a. The Company's Statute with all amendments;
 - b. Balance sheets, profit and loss statements and reports on paid taxes for the last three business years, and other financial reports which the Company shall be obliged to publish or submit to the General Meeting, Stock Exchange, Commission or other public institutions;
 - c. General Meeting's and Audit Board's Minutes;
 - d. A list of the Supervisory Board's and the Company's Management members and other persons authorized to represent the Company, if any, with address details, election or appointment date and the term for which they were elected or appointed, and the functions which they perform in other legal entities;
- (2) The shareholder shall realize the right to inspect the reports and documents from paragraph (1) of this Article on the basis of a written request which shall be submitted to the Company's Secretary or another authorized person, together with presenting an excerpt from the Register about share ownership and personal identification documents.
- (3) The Company's Management shall be obliged, through the Company's Secretary or another authorized person, to ensure that the requirement from paragraph (2) of this Article is fulfilled during working hours in the Company's premises and without delay, about which the authorized person shall be obliged to make an official written note, which shall mandatorily contain the shareholder's or his/her proxy's name and family name, the time and the manner of submitting and the contents of the request.



a list of the reports and documents which were inspected and the time of inspection, a list of the documents about which the shareholder or his/her proxy was warned, prior to the inspection, that they represent the Company's business secret and a signature of the person who inspected the said documents with a statement that the request was entirely fulfilled or an objection with respect to the method or term of its fulfillment.

Article 34

- (1) The Company's shareholder has the preemptive right upon the issuance of new shares, within 30 days upon expiry of the deadline for subscription of new shares and to the extent which shall ensure to him/her the keeping of the share in equity which s/he had on the day of adoption of the decision on the issuance of shares.
- (2) The preemptive right to with respect to the shares of an individual issuance can be excluded or restricted equally for all the owners of the same class of shares, by a decision of the Company's General Meeting adopted by a simple majority of the total number of voting shares.
- (3) A decision on issuance, a public offering for subscription of new shares which are issued through a public offering and/or an offer for the purchase of shares which are issued through a closed sale, must contain a mention indicating whether the existing shareholders' right to a purchase of new shares for the purpose of keeping a share in equity in accordance with paragraph (1) of this Article has been retained, restricted or excluded.
- (4) Based on a decision on the issuance of new shares of the existing or new class, it can be established that the shares can be subscribed and paid for exclusively by the existing shareholders on the basis of and within the scope of the preemptive right.

Article 35

- (1) A decision on the issuance of new shares of the existing or new class which shall provide for the preemptive right, shall mandatorily contain a mention about that and the information about the method of realizing that right, and in particular the reference date of the shareholder's share in equity for the purpose of determining the extent of the preemptive right, the number or the method of determining the number of shares which the shareholders can subscribe on that basis, as well as the method, place and deadline of the subscription of shares on that basis.



- (2) The establishing of the number of new shares which the existing shareholders can subscribe on the basis of the preemptive right shall take place concomitantly for all the shareholders using that right, no later than 15 days upon expiry of the deadline for subscription of new shares as provided for in the decision on the issuance.
- (3) The preemptive right shall not be transferable.
- (4) When realizing the preemptive right, the shareholders can conclude a written contract on the purchase of the shares from a new issuance which shall contain the number of shares subscribed on the part of each contracting party and which shall replace individual statements on subscription and the list of subscribers.

Article 36

A shareholder who was listed on the Company's Shareholders' list with the Register on the day of adoption of the Company's General Meeting's decision on dividend payment, shall have the right to partake of the profit in proportion to the share of the sum of the nominal value of his/her shares in the Company's equity, dividend payment in cash or to acquiring free shares in accordance with the General Meeting's decision.

3. Priority shares

Article 37

- (1) The Company can issue the shares which contain the right to a priority collection of the dividend and a proportional share of the rest of the assets after the Company's liquidation, with restricted voting right (hereinafter: priority shares).
- (2) A voting right on the basis of priority shares cannot be restricted for the cases of a separate vote for each share class.
- (3) The nominal value of priority shares can total maximum up to 50% of the Company's equity.

4. Employee shares

Article 38

- (1) The Company can issue free employee shares from the source and to the extent, and in the manner and under the terms provided for in this Statute, in accordance with the



Law and other laws and regulations of the Commission which govern the issuance and trade in securities.

- (2) The sum of the nominal values of the employee shares cannot exceed 5% of the Company's equity.
- (3) The shares from paragraph (1) of this Article shall make a special class of shares containing the same rights as ordinary shares, with the exception that in a legal transaction they can be transferred only to other employees, that they cannot be inherited, and that the right of participating and decision-making in the Company's General Meeting based on these shares can be realized individually or through a joint proxy.
- (4) The Company shall be obliged to repurchase the shares of the employees by payment according to a fair market value on the day of termination of the employee status.
- (5) The terms and methods of acquisition, transfer and repurchase of employee shares shall be provided for in more detail in the decision on issuance, in accordance with this Statute and the Law.

5. Own Company's shares

Article 39

- (1) The Company cannot directly or indirectly subscribe its own shares and it cannot give or guarantee advances, loans or credits for the sale of its own shares.
- (2) The Company can, based on the Company's General Meeting decision acquire its own shares to the extent and in the manner, and under the terms and with legal effects stipulated by the provisions of the law and other laws and regulations of the Commission regulating the issuance and trade of securities.
- (3) The Company can, based on the Supervisory Board's decision, acquire its own shares in case when it is necessary for preventing a serious damage which directly threatens the Company and in case when a decision on individual issuance of shares, adopted and implemented before the adoption of this Statute, had established the shareholder's right to request, and the Company's obligation to perform the repurchase of those shares, where in each of these cases the Supervisory Board shall be obliged at the first next General Meeting to notify the shareholders in writing on the reasons for acquisition, class, number and the



nominal value of the acquired own shares, their share in the Company's equity and the price at which they were acquired.

- (4) The Company can, without the previous General Meeting's decision acquire its own employee shares in the cases, in the manner and under the terms stipulated by the provision of Article 38 of this Statute, and the Company shall be obliged to distribute thus acquired own employee shares to other employees 12 months after their acquisition at the latest.
- (5) The restrictions on the extent of acquisition of own shares provided for in the Law shall not include own shares which the Company acquired as a legal successor of another Company which held those shares, or through a repurchase performed during fulfillment of the obligations stipulated by this Statute, decision on the issuance of shares, law or court order for the purpose of protecting the shareholders' rights, through court-enforced performance with the aim of collecting the Company's claims, or through a shareholder's exclusion in accordance with the Law for reasons of non-fulfillment of the obligation of payment of the share price.

Article 40.

- (1) The Company's Supervisory Board shall submit to the next Company's General Meeting a written report on acquisition, holding and sale of the acquired own shares which shall mandatorily contain the reasons for their acquisition, the number, the nominal value and the participation in the Company's equity of own shares acquired and sold in the period following the last Company's General Meeting, the lowest, the highest and the average purchase and sale price of own shares, and the number, the total nominal value and a participation in equity of own shares which the Company held at the beginning and which it holds at the end of the reporting period.
- (2) The Company cannot exercise the rights contained in own shares which it holds.

VII DIVIDEND AND PROFIT ALLOCATION

Article 41

- (1) The Company's General Meeting shall adopt a Decision on profit allocation and dividend payment upon the Supervisory Board's proposal.
- (2) The Company's General Meeting can adopt a decision on dividend payment when a profit was realized in the reporting period, and the Company is capable of fulfilling its



obligations arising from its operations, and when the market value of its assets is at least equal to the amount of total annual obligations of the Joint Stock Company, provided that:

- a) The loss generated in the previous accounting period has been covered in its entirety;
- b) Allocations into the reserve fund have been made in accordance with the provision of Article 24 of this Statute;
- c) Profit tax has been calculated in accordance with the law.

Article 42

(1) The Company's General Meeting can adopt a decision on non-payment of the dividend, whereby it shall mandatorily stipulate the purpose of using a part of the profit which would have been allocated to those shares.

(2) The Company shall also pay out the dividend on the basis of priority shares in case the total amount of profit and the part of the reserve fund above the mandatory amount from Article 24, paragraph (1) of this Statute is sufficient only for the payment of that dividend.

(3) When deciding on dividend payment, the Company's General Meeting shall take care of the legal restrictions relative to the dividend payment, taking into account the best practice for the industry which the Company belongs to.

(4) A decision on dividend payment shall contain: the amount of the dividend, the date on which the List of Shareholders for dividend payment is made, the date of payment and the provision on the manner and deadline of publishing a notification about dividend payment.

VIII COMPANY'S MANAGEMENT

Article 43

The Company's bodies are:

- 1) The General Meeting;
- 2) The Supervisory Board;



- 3) The Management;
- 4) The Audit Board;

1. Company's General Meeting

Article 44

- (1) The Company's General Meeting (hereinafter: the General Meeting) shall consist of its shareholders.
- (2) The General Meeting shall, as a rule, be held at the Company's Headquarters.
- (3) Until the election of the General Meeting's chairman, the General Meeting shall be presided by a shareholder who is present or a proxy of the shareholder with the largest number of voting shares.
- (4) The General Meeting shall, among the present shareholders and the shareholders' proxies, elect by a majority of votes and acclamation, the General Meeting's chairman and two certifiers of the general Meeting's Minutes.
- (5) The chairman and the members of the Supervisory and Audit Boards, the Company's CEO and other members of the Management shall be obliged to attend the General Meeting.

Article 45

- (1) The General Meeting sessions can be ordinary and extraordinary.
- (2) An ordinary General Meeting shall be held once a year for the purpose of voting on the Company's annual report, which shall include the Company's financial reports and auditor's reports, and the Supervisory and the Audit Board's reports, and on other issues under the General Meeting's competence.
- (3) An extraordinary General Meeting can be convened and held whenever a voting on the reports from paragraph (2) of this Article is not foreseen.

1.1. General Meeting's convening

Article 46

- (1) The General Meeting shall be scheduled and held as stipulated by the Law and this Statute and when it is estimated that it is in the best interest of the Company and its shareholders, and at least once a year for the purpose of voting on the reports from Article



45, paragraph (2) and proposals of the decisions on profit allocation and dividend payment, or the method of loss allocation, no later than 6 (six) months upon termination of the business year which the above mentioned reports and decision proposals refer to.

(2) The General Meeting shall be convened by the Supervisory Board on its own initiative, upon proposal of the Management or request of authorized shareholders, and the Supervisory and Audit Board members, and in the cases provided for in the Law and this Statute, it can also be convened by authorized shareholders and/or a group of shareholders with more than 10 % of the total number of ordinary voting shares.

(3) The decision-making right at the General Meeting shall have a shareholder listed on the Shareholders' List with the Register 30 days before the date designated for the General Meeting, or on the last business day preceding this period, if it falls on a non-business day.

(4) The costs of the General Meeting shall be borne by the Company, except for the shareholders' costs.

(5) The establishment of a quorum and the results of voting at the General Meeting shall be done by the Voting Board consisting of minimum three members and a deputy, which shall be appointed by the Supervisory Board by a decision on the General Meeting's convening.

Article 47

(1) The General Meeting can be attended by and in its work can participate the shareholders and/or the shareholders' proxies, who submitted to the Voting Board an appropriately filled request for participation in the General Meeting's work and decision-making no later than 3 (three) days before the date set for the General Meeting.

(2) The request for participation in the General Meeting's work and decision-making can be submitted by the shareholder and/or the shareholder's proxy in person, or directly via the Company's mailroom, via registered mail, via fax or e-mail (to the e-mail address specified in the notification on the convening of the Meeting and/or on the Company's official web page).

(3) The method of and the deadline for registration for the participation in the General Meeting's work and decision-making shall be specified in the notification on the General Meeting's convening.

Article 48

(1) The Supervisory Board shall be obliged no later than 21 (twenty one) days before the date set for the ordinary General Meeting's holding, or, 14 (fourteen) days before the date set for the extraordinary General Meeting's holding, to publish a notification on the General Meeting's holding, in minimum one daily newspaper, which is published in the Federation of Bosnia and Herzegovina, and which shall mandatorily contain the following elements:



- (a) The Company's name and address;
- (b) The date of adoption of the decision on the General Meeting's convening;
- (c) The submission date, the name and the family name or the name and the capacity of the applicant, if the General Meeting is convened according to the request from Article 46, paragraph (2) of this Statute;
- (d) The place, date and time of the General Meeting's holding;
- (e) A mention whether it is an ordinary or an extraordinary General Meeting;
- (f) A mention if it is a reconvened general Meeting;
- (g) The General Meeting's agenda;
- (h) Proposals of decisions for the General Meeting;
- (i) The method of and deadline for registration for the participation in the General Meeting's work and decision-making, and the method of granting a power of attorney for representation in the General Meeting's work and decision-making;
- (j) The method of voting at the General Meeting;
- (k) The place, time and the manner of inspecting the materials referring to the General Meeting's agenda;
- (l) A mention if certain items of the agenda are decided by a separate voting by share classes.

(2) If the General Meeting's holding is convened outside of the place of the Company's Headquarters, the Supervisory Board shall be obliged to address the notification from paragraph (1) of this Article to each shareholder via registered mail or fax or e-mail, to the address from the Shareholders' list from Article 46, paragraph (3) of this Statute.

(3) In addition to publishing and submitting the notification from paragraphs (1) and (2) of this Article, the Company shall be obliged to ensure additional publishing as well, in the cases, under the terms and in the method, stipulated by the regulations of the Commission.

Article 49

(1) The Company shall be obliged to publish the notification on the General Meeting's convening from Article 48 of this Statute on the Company's official web page as well.

(2) The Company can publish all decision proposals and documents which shall be discussed at the general Meeting in the manner provided for in the previous paragraph.

Article 50

(1) A shareholder and/or a group of shareholders, with minimum 5% of the total number of voting shares, at any time before the publishing of the notification on the General Meeting's convening, shall have the right to propose to the Supervisory Board, in writing, the questions and decision proposals to be included in the next General Meeting's agenda, as well as amendments to the agenda and decision proposals no later than 8 (eight) days from the day of publishing of the notification on the General Meeting's convening.



(2) The Supervisory Board shall be obliged, no later than 8 (eight) days from the expiry of the deadline from paragraph (1) of this Article, to publish the notification on amendments to the General Meeting's agenda and the shareholders' proposals, in the same manner and in the same daily newspaper in which the notification in the General Meeting's convening was also published.

(3) The costs of publishing the individual proposals from paragraph (1) of this Article which contain up to 100 words shall be borne by the Company, while the costs of the proposals with more than 100 words shall be borne by the proposer.

Article 51

(1) A request for the General Meeting's convening can be submitted by:

- a) A shareholder or a group of shareholders with more than 10 % of the total number of voting shares;
- b) The Supervisory Board's member and
- c) The Audit Board's member;

(2) If the Supervisory Board within 15 (fifteen) days from the day of submitting of the request does not publish the notification on the General Meeting's convening, the applicant from paragraph (1) of this Article, shall be authorized to convene the General Meeting directly and shall be obliged to notify the Commission thereof in writing.

(3) The persons from paragraph (1) of this Article, shall be authorized to directly convene the General Meeting, without previous submitting of a request to the Supervisory Board, in case that 5 (five) months upon expiry of a business year the Supervisory Board has not convened the General Meeting for the purpose of voting on the Company's annual report which includes financial reports and the reports by an auditor, the Supervisory Board and the Audit Board.

(4) The applicant from paragraph (1) of this Article, if s/he is convening the General Meeting directly, can entrust the Company's Secretary with the establishing of the composition of the General Meeting's working bodies, publishing of the notification on the General Meeting's convening from Article 230 of the Law on Companies or Article 46 of this Statute, and with the undertaking of all such other actions as may be necessary for a lawful holding of the Company's General Meeting.

Article 52

The Supervisory Board whose term of office has expired can convene the General Meeting no later than within 30 days upon expiry of its term of office, for the purpose of appointing the new Supervisory Board, if it is not convened by the shareholders and the Audit Board according to the provisions of Article 51 of this Statute. At the General



Meeting thus convened, in addition to the appointment of the new Supervisory Board, only the annual report on the Company's operations and the issues from Article 28 of this Statute can be discussed.

Article 53

(1) The Supervisory Board's member shall be authorized to submit the request from Article 51, paragraph (1) of this Statute, in case that:

- a) The Supervisory Board's meeting had not been held over a period longer than 5 months since the holding of the previous meeting;
- b) The Supervisory Board has not obtained or discussed the Management Report on operations according to semi-annual and annual accounts, no later than 90 days from the date on which the report is made;
- c) The Supervisory Board has not appointed a new CEO of the Company upon discharge or expiry of the notice period of his/her predecessor, in accordance with the provisions of this Statute;
- d) Some of the Supervisory Board's members performs an activity which is competitive with the Company's activity, contrary to the provisions of this Statute, or that s/he has not reported a conflict of interest to the Supervisory Board in accordance with the provisions of this Statute;

Article 54

(1) The Audit Board member shall be authorized to submit the request from Article 51, paragraph (1) of this Statute in the cases from Article 99, paragraph (3) of this Statute.

1.2. General Meeting holding and decision-making

Article 55

(1) The General Meeting can make decisions if it is attended, in person or through a proxy, by the shareholders with more than 50 % of the total number of voting shares.

(2) If upon expiry of 60 minutes from the scheduled time of the General Meeting's beginning a quorum for decision-making from paragraph (1) of this Article has not been reached, the General Meeting shall be adjourned, and the General Meeting's convener shall be obliged to publish within 3 (three) days a notification on the General Meeting's reconvening.

(3) The notification from paragraph (2) of this Article must be published ~~minimum 10~~ days before the date set for the holding of a reconvened General Meeting, in the manner



prescribed by the provisions of Articles 48 and 49, paragraph (1) of this Statute.

(4) In the case from paragraph (2) of this Article, a reconvened General Meeting can adopt decisions if the shareholders with more than 30 % of the total number of the Company's voting shares are represented in person or through a proxy.

(5) If the issues which are voted separately by share classes are included in the General Meeting's agenda, the quorum from paragraphs (1) and (4) of this Article shall be established by share classes.

(6) When establishing the representation, own shares which the Company holds in accordance with valid regulations shall not be counted into the total number of voting shares.

(7) Exceptionally, the General Meeting's chairman can interrupt the General Meeting's work for 15 (fifteen) days at the longest, provided that s/he sets the exact date and place for continuing of started meeting. The agenda for the General Meeting's continuation cannot be changed.

Article 56

(1) The scheduled General Meeting can be cancelled before being held, if within 8 (eight) days from the day of publishing a notification on the General Meeting's convening, no proposals for the election and appointment of the Supervisory Board or the Audit Board members arrive in line with the provisions of Articles 70 and 98 of this Statute, provided that it was the only item of the agenda.

(2) A decision on the General Meeting's cancellation shall be made by the General Meeting's convener.

(3) The notification on the General Meeting's cancellation shall be published in the same manner as the notification on the General Meeting's convening, no later than 3 days before the day of the General Meeting's holding.

1.3. General Meeting's competences

Article 57

(1) The Company's General Meeting shall adopt decisions on the following issues:

1. Equity increase and decrease;
2. Issuance of new shares of the existing or new class and/or issuance of bonds (replaceable and/or with the preemptive right) and other debt securities;



3. Restriction or exclusion of the preemptive right with respect to new shares, within the decision on issuance of new shares of the existing or new class;
4. Adoption of the annual report on the Company's operations, which includes financial reports and reports by an auditor, the Supervisory and the Audit Boards;
5. Profit allocation and dividend payment;
6. Loss coverage method;
7. Merger with other companies and acquisition of other companies by the Company or acquisition of the Company by another company;
8. Change of form and split of the Company;
9. The Company's termination with liquidation implementation and approval of the initial liquidation balance sheet and the annual account upon termination of the liquidation process;
10. Purchase, sale, exchange, taking over or giving for lease and other transactions involving the assets, directly or through subsidiary companies in the course of a business year to the extent higher than 33 % of the book value of the Company's assets based on the balance sheet at the end of the previous year;
11. Individual election and dismissal of the Supervisory Board's members;
12. Election of an external auditor;
13. Individual election and dismissal of the Audit Board members;
14. Foundation, reorganization and liquidation of subsidiary companies and approval of their Statutes;
15. Fees for the members of the Supervisory and Audit Boards;



16. Adoption of the Statute and amendments to this Statute referring to the issues from items 1., 2., 7. and 8. of this Article or other issues about which, in accordance with the Law and/or this Statute, the General Meeting shall adopt special decisions whose legal effect shall include amendments to the respective provisions of this Statute;
17. Alienation of fixed assets;
18. Other issues of importance for the Company's operations, in accordance with the law and this Statute;

Article 58

(1) The term „*and other transactions involving assets*“ covered by the provisions of Article 57, paragraph (1), item 10. of this Statute, shall not include legal transactions, commercial contracts and other business arrangements, which as the Company's legal representative, the Company's CEO concludes in accordance with his/her authorizations and on behalf and for the account of the Company, within regular operations and registered activities and for the purpose of realizing a profit for the Company.

Article 59

(1) The Company's General Meeting shall, by a two-thirds (2/3) majority of the represented voting shares, make decisions on the issues from Article 57, paragraph (1) items 1, 2, 7 and 8, with respect to the item 16. of this Statute, including a separate voting by share classes, and it shall make decisions by a simple majority of the represented voting shares on all other issues from its competence except for the election of the Supervisory Board's members which shall be performed in accordance with the provisions of Article 71 of this Statute.

(2) Within the meaning of paragraph (1) of this Article, a two-thirds (2/3) majority shall be considered to be 66, 66% rounded off to a whole number of shares plus 1 share, and a simple majority shall be considered to be 50% rounded off to a whole number plus 1 share, all this in relation to the total number of the Company's voting shares represented at the General Meeting.

(3) The General Meeting shall be obliged to vote on the reports and decisions proposals from Article 57, paragraph (1) items 4, 5 and 6. of this Statute no later than 6 months from the end of the business year which the reports and proposals of decisions for that business year relate to.

1.4. Participation in the General Meeting's work and decision-making

Article 60



- (1) A shareholder can exercise his/her right to participate in the General Meeting's work and decision-making in person or through a proxy, who is obliged to act in accordance with the shareholder's instructions, and if s/he has not received the instructions, s/he shall be obliged to act in accordance with a reasonable judgment of the shareholder's-principal's best interest.
- (2) One shareholder at the General Meeting can be represented by only one proxy.
- (3) A power of attorney for the participation in the General Meeting's work and decision-making shall be given after publishing of the notification on the General Meeting's convening in the form of a validated written statement signed by the shareholder-principal and the proxy.
- (4) The power of attorney shall, together with the shareholder's and proxy's identification documents, be delivered to the Company in person, by direct submission to the Company's mailroom, or via registered mail, fax or e-mail (by sending it to the e-mail address specified in the notification on the General Meeting's convening), no later than 3 days before the date set for the General Meeting's holding, and the original must be submitted at the General Meeting itself at the latest and immediately before the beginning of the time set for the beginning of the General Meeting's convening or handed over to the Voting Board when reporting the presence of a proxy for participation in the General Meeting's work and decision-making.
- (5) A power of attorney given for a specific General Meeting shall also be valid for a reconvened General Meeting.
- (6) The power of attorney shall automatically cease to be valid if the shareholder, who issued the power of attorney, gets registered for the participation and attends the General Meeting with a specifically stated intention to vote in person, then by granting the power of attorney to another person or by the power of attorney's recall in the form of a validated written statement signed by the shareholder, which comes into effect on the day of its submission to the Company in accordance with paragraph (3) of this Article, and on the day of the registration with the Register of the Share Transfer by the shareholder.
- (7) Each shareholder and/or proxy, shall be obliged to present to the Voting Board, or the authorized person, no later than 30 minutes before the time set for the beginning of the General Meeting's convening, a valid personal identification document.
- (8) The Voting Board shall be obliged to check the shareholder's and/or proxy's identity and the authorization (power of attorney's) validity.
- (9) In addition to any legally competent natural person, the proxy can also be a legal entity registered for deals of mediation in the trade of securities and an association with the status of a legal entity founded and registered for the purpose of merger and shareholders' representation, in which cases the authorizations from the power of attorney shall be performed by a legal or authorized representative of such a legal entity.



1.5. Authorization validity

Article 61

(1) If the shareholder – principal or his/her proxy, who represented him/her in the General Meeting's work and decision-making, within 7 days from the day of the General Meeting's holding, submits to the Voting Board a certified shareholder's statement and/or an official document or another authentic evidence which contests the validity of the authorization or power of attorney, the Voting Board shall declare invalid the votes obtained on the basis of such a power of attorney and submit a report thereof to the Supervisory Board.

(2) The Supervisory Board shall be obliged to suspend the execution of the decision for whose adoption the invalid votes were decisive and convene the General Meeting for a repeated decision-making on these issues, no later than 30 days from the day of receiving the Supervisory Board's notification from paragraph (1) of this Article.

Article 62

(1) The shareholder shall have the right, after publishing of the notification on the General Meeting's convening, to inspect in the Company's premises the following documents:

- a) The shareholder's list, after its submission to the Company by the Register;
- b) Financial reports with the auditor's reports and the Supervisory Board's and the Audit Board's reports;
- c) All other documents which relate to proposals of decisions included in the General Meeting's agenda;

(2) In addition to inspecting the documents, the shareholder shall have the right upon personal request and at his/her own cost, to copies of the documents from paragraph (1) of this Article.

1.6. Presiding over the General Meeting, voting and determining the results of the vote

Article 63

(1) The person presiding over the General Meeting until the election of the General Meeting's chairman, shall be authorized and responsible for:

- a) Establishing and pronouncing of a quorum for proper work and decision-making of the General Meeting based on a written report by the Voting Board;
- b) Establishing and pronouncing the regularity of the General Meeting's convening.



- c) Opening the General Meeting' session and directing its work until the election of the General Meeting's chairman;
- (2) The General Meeting shall be presided by and its work shall be directed by the General Meeting's chairman, who shall be authorized and responsible in particular for:
- a) Announcing the continuation of the General Meeting's session and work;
 - b) Establishing and announcing the election of two certifiers of the General Meeting's Minutes;
 - c) Establishing and announcing the final agenda of the General Meeting on the basis of a separate report by the Supervisory Board;
 - d) Ensuring unhindered work of the General Meeting according to the established agenda for the entire duration of the General Meeting's session;
 - e) Establishing the order and giving the floor and barring from speaking when it comes to oral presentations of the present shareholders and other authorized participants in the General Meeting's work within the items of the established agenda;
 - f) Restricting, if necessary, the presentations of the participants in the General Meeting's work and undertaking other necessary measures as well for the purpose of a successful, unhindered and efficient holding and work of the General Meeting;
 - g) Establishing and announcing an end to the discussion under all items of the agenda;
 - h) Announcing the beginning of vote and inviting the present shareholders and the shareholders' proxies to start the vote by means of ballots, in the manner and according to the instructions provided in the notification about the General Meeting's convening, with a mention that after the vote the ballots should be cast into an appropriate ballot box marked with a number according to the items of the established agenda or proposals of decisions;
 - i) Establishing and announcing an end to the vote and inviting the Voting Board to determine the results of the performed voting and make a written report on the determined voting results;
 - j) Determining and announcing the voting results and the General Meeting's decisions under each item of the established agenda;
 - k) Concluding the General Meeting's work and session;
 - l) Signing the General Meeting's Minutes and decisions;



Article 64

(1) The voting at the General Meeting shall be done by means of a ballot which shall mandatorily contain:

- a) The shareholder's name and family name or the name of the shareholder's company and the proxy's name and family name or the name of the proxy's company if the shareholder is represented by a proxy at the General Meeting;
- b) The number of votes which the shareholder disposes of, expressed in percentages (%) in relation to the total number of the Company's shares;
- c) A reference to the proposal of decision being voted on or the names of the candidates being voted on;

(2) If necessary, the ballot can also contain the relevant explanations relating to certain issues or proposals being voted on, depending on their nature and effect.

(3) The voting by means of ballots shall be done either by circling „FOR“ or „AGAINST“ a proposal of decision, or by circling the candidate's name upon election and/or dismissal of the Company's body.

(4) The voting at the General Meeting shall also be done by acclamation (hand-raising) in accordance with Article 44, paragraph (4) of this Statute.

(5) Invalid votes on a ballot are those where both „FOR“ and „AGAINST“ answers were circled or none of the offered answers was circled, or where not a single candidate name was circled or where the names of a larger number of candidates than the number of members of the Company's body being elected were circled, resulting in these ballots or votes not being counted when determining the results of the vote; the above mentioned invalid ballots shall instead be counted into the total number of represented voting shares in relation to which the majority of votes shall be determined.

(6) The results of the voting at the General Meeting shall be determined by the Voting Board composed of the chairman and two members who shall be appointed from among the shareholders and/or employees in the Company by the Supervisory Board's decision on the General Meeting's convening,

(7) The Voting Board members cannot be the persons who are members of the Company's Management and/or the Supervisory Board, nor the persons who hold 5 % or more of the Company's voting shares and the persons who are under a significant influence and/or control of those persons.



(8) The Voting Board shall be authorized and responsible to ascertain the number of voting shares for which a request for participation in the General Meeting's work and decision-making was submitted, in accordance with the provisions of Article 47, paragraph (1) of this Statute.

(9) The Voting Board shall be responsible before the beginning of the General Meeting's session to:

- a) Make a list of the present shareholders, shareholders' representatives and their proxies;
- b) Establish the validity of the authorization or power of attorney;
- c) Establish the identity of the shareholders and their proxies;
- d) Establish the number and the percentage of votes of each shareholder or the shareholder's proxy for each item of the established agenda;
- e) Establish the total number and the percentage of votes for each item of the established agenda;

(10) The Voting Board shall determine and announce the voting results by drafting a written report during the holding of the General Meeting, based on which the General Meeting's chairman shall determine and announce the General Meeting's voting results and decisions.

(11) After the holding of the General Meeting, the Voting Board shall be obliged to make a Report on its work and the results of vote no later than 5 (five) days from the day of termination of the General Meeting's work, signed by all the members, and to hand over, through the Company's Secretary, the ballots and other materials related to the establishing of quorum and holding of the General Meeting to the Company's archive for keeping.

(12) The Company shall be obliged to publish the Report on the voting results on its web site within 5 (five) days from the day of holding or termination of the General Meeting's work and session.

(13) In addition to the duties from paragraphs (5) to (11), the Voting Board shall also perform other duties related to the General Meeting's holding, or work and decision-making of the General Meeting.

(14) In case that a Voting Board member refuses to sign the Report from paragraph (11) of this Article, s/he shall be obliged to draft a written explanation which makes integral part of the Report, which in that case shall be published on the Company's web page together with the Report, within the deadline stipulated in paragraph (12) of this Article of the Statute.



1.7. General Meeting's Minutes and documentation keeping

Article 65

- (1) Minutes on the General Meeting's work shall be drafted and shall obligatorily contain all the elements provided for in Article 241 of the Law on Companies.
- (2) The Minutes shall be signed by the General Meeting's chairman, recording secretary and two certifiers of the Minutes, and written proposals and the reports submitted to the General Meeting shall be enclosed to the Minutes as its integral parts.
- (3) If any of the persons from paragraph (1) of this Article refuses to sign the Minutes, s/he shall be obliged to provide a written explanation of the reasons for non-signing of the Minutes which shall also make its integral part.
- (4) The Company's Secretary shall be obliged to immediately establish groundedness of the reasons from paragraph (3) of this Article and if they are well-founded, s/he shall be responsible for making sure that the Minutes are made compliant accordingly and for removing the shortcomings within 8 days from the day of their establishing.
- (5) The Company's Secretary shall be obliged to ensure that the Minutes are made within 30 days from the day of concluding the General Meeting's work.
- (6) In case that the convened General Meeting is not held due to a lack of quorum or other reasons, the Company's Secretary shall draft a relevant report about it.

Article 66

- (1) The Company shall be obliged to permanently keep the documentation relating to convened and held General Meetings, and in particular the following:
 - a) Decisions and notifications on the General Meeting's convening;
 - b) The shareholders' lists procured from the Register in electronic format, which are of importance for the participation in the General Meeting's work and decision-making;
 - c) Requests and power of attorneys for the participation in the General Meeting's work and decision-making;
 - d) Written reports and proposals submitted to the General Meeting;
 - e) Records and reports on the shareholders' representation at the General Meeting;
 - f) Records and reports on the voting results;
 - g) General Meeting's decisions;
 - h) Signed General Meeting's Minutes, records on the shareholders' presence and



voting, as well as notifications on the General Meeting's convening and other important documentation relating to the held General Meetings;

(2) The Company's Management shall be obliged to provide technical and other necessary conditions for archiving and keeping of the documentation listed in paragraph (1) of this Article.

(3) The Company shall be obliged to ensure the keeping of the documents from paragraph (1) of this Article for at least 10 years after the Company's termination.

1.8. Minor shareholders' protection and decision contestation

Article 67

(1) A shareholder who, by a written statement submitted to the Supervisory Board before the date of the holding of the convened General Meeting or orally into the Minutes before the beginning of the vote at the General Meeting declared that s/he was against a proposal of decision which causes significant changes at the Company and/or shareholders' rights and which was subsequently adopted by the General Meeting, has the right, within 8 days from the General Meeting's holding, to submit to the Company a request to repurchase his/her shares, except in the case of restructuring, reorganization and/or financial consolidation of the Company with the majority state capital.

(2) Within the meaning of paragraph (1) of this Article, it shall be considered that significant changes in the Company or shareholders' rights cause the General Meeting's decisions whereby it shall adopt or approve:

- a) The issuance of new shares of the existing or new class;
- b) The issuance of shares replaceable for the Company's shares and/or bonds with the preemptive right with respect to the Company's shares;
- c) Restrictions and/or exclusion of the preemptive right with respect to new shares within the decision on the issuance of new shares of the existing or new class;
- d) Change in the form, division or merger of the Company, or acquisition of the Company by another company or vice versa.

(3) The Company shall be obliged to act upon request of the shareholder from paragraph (1) of this Article of the Statute in the manner and within the deadlines prescribed by the provisions of Article 243, paragraph (3) and (4) of the Law on Companies, with possible decreases in the number of the shares and/or repurchase price in proportion to the restrictions provided for in the provisions of Article 243, paragraph (5)



of the above Law.

(4) In case that the Company does not fulfill its obligation of share repurchase, in the manner and within the deadlines prescribed by the provisions of this Article of the Statute, the shareholder has the right to request the fulfillment of the Company's obligation by filing an action with the competent court, except in the cases of restructuring, reorganization and/or financial consolidation of the Company with the majority state capital.

1.9. Request for extraordinary audit

Article 68

(1) A shareholder with more than 20 % of the voting shares has the right to propose to the General Meeting the appointment of an external auditor for an extraordinary audit of all the files which relate to the Company's incorporation and operations over the last 5 (five) years.

(2) If the General Meeting rejects the shareholder's proposal from paragraph (1) of this Article, the shareholder has the right to engage, at his own cost, a legal entity authorized for auditing to perform an extraordinary audit from the previous paragraph of this Article.

1.10. Nullity and contestation of the General Meeting's decisions

Article 69

(1) The General Meeting's decision shall be null due to a violation of the procedure prescribed by the Law and this Statute and when the nullity is established by a competent court's decision due to the mentioned or other reasons.

(2) The General Meeting's decisions, during the adoption of which were no violations of the procedure but whose contents and/or consequences are contrary to the provisions of the Law on Companies and other compulsory regulations and this Statute, can be contested in a procedure before the competent court.

(3) The nullification and contestation procedure can be initiated by the shareholders, each member of the Supervisory Board and the Management members, in accordance with the Law and other compulsory regulations, in the following cases:

- a) A shareholder represented at the General Meeting whose objection to the decision was entered in the Minutes;
- b) A shareholder who did not attend the General Meeting due to the General Meeting's convening contrary to the provisions of Article 46 of this Statute;
- c) A shareholder whose proposal or objection was not properly entered in the Minutes;



d) The Supervisory Board and the Management and each member of the Supervisory Board and the Management, if through the execution of any decision s/he would have committed an offence and/or a criminal offence and/or a damage to the Joint Stock Company;

(4) The procedure before the competent court from paragraph (3) of this Article can be initiated within 60 days at the latest from the day of the holding of the General Meeting at which the decision which is the subject of nullification or contestation was adopted.

(5) In a court procedure the Company shall be represented by the Company's CEO or another member of the Management upon authorization of the Company's CEO, and if the plaintiff is a member of the Management, the Company shall be represented by a person appointed by the Supervisory Board, and when the plaintiffs are the Supervisory Board and/or its members, the Company's representative, if not appointed by the General Meeting, shall be appointed by the competent court.

2. Supervisory Board

Article 70

(1) The Supervisory Board shall consist of a chairman and 4 (four) members, who shall be individually elected and discharged by the General Meeting.

(2) A legally capable person with a university degree and minimum five years of professional experience in corporate management or in relation to the Company's activity and/or finance or business law who also fulfills other conditions stipulated by the law, can be proposed for the Supervisory Board's chairman and members.

(3) A shareholder and/or a group of shareholders with minimum 5 % of voting shares can propose one or more candidates for members of the Supervisory Board up to the total number of members being elected.

(4) The proposal from the previous paragraph (3) of this Article shall be submitted in writing to the mailroom of the Company and /or by registered mail within 8 (eight) days at the latest from the day of publishing of the notification on the General Meeting's convening and must contain all the necessary information and documentation which refer to the fulfilling of the conditions stipulated by the law, other relevant regulations and this Statute.

(5) The registered mail referred to in paragraph (4) of this Article, must be delivered to the seat of the Company no later than on the eighth day from the date of publishing of the notification on the General Meeting's convening



(6) As the Supervisory Board's chairman and members cannot be proposed and appointed the persons contrary to the provisions of Article 248 of the Law on Companies, nor a person:

- a) Who performs the function of the Management or the Audit Board member;
- b) Who is or might be in competitive relation or in conflict of interest with the Company, within the meaning of the provisions of the Law on Companies and this Statute;
- c) Due to other reasons stipulated by positive legal regulations;

(7) Each candidate for the Supervisory Board Member shall be obliged before his/her name is included in a ballot, to give a written statement on candidature acceptance, with a statement on exclusion of competition and /or conflict of interest according to the provisions of item c), paragraph (5) of this Article, as well as on the Company's securities which s/he holds.

Article 71

(1) The Supervisory Board's members shall be elected by voting in accordance with the provisions of Article 250 of the Law on Companies, where to each voting share belongs the number of votes equal to the number of the Supervisory Board's members who are being elected.

(2) The total number of votes which carries each ballot shall be evenly distributed on all the candidates whose names are circled on the ballot.

(3) The candidates who obtained the greatest number of votes shall be pronounced by the General Meeting as the Supervisory Board's members.

(4) The Supervisory Board's Chairman shall be elected at the constituting meeting of the Supervisory Board, which shall be convened by the Company's Secretary within 15 days from the day of the General Meeting. A proposal for the Supervisory Board's Chairman shall be made in the manner that no less than two members of the Supervisory Board shall propose a member of the Supervisory Board for the Chairman at the Supervisory Board's meeting. Members of the Supervisory Board may not propose themselves for the Supervisory Board's Chairman.



(5) The Supervisory Board can relieve a member of the Supervisory Board of his duties as a Chairman, with concomitant appointment of one of its members as the Supervisory Board's chairman, in accordance with this Statute and the Rules of Procedure on the Supervisory Board's work (hereinafter: Rules of Procedure).

Article 72

(1) The Supervisory Board's chairman and members shall be appointed concomitantly for a 4 (four) year period, and upon expiry of a 2 (two) - year period from the day of appointment, the General Meeting shall vote on confidence to the Supervisory Board's members.

(2) The term of office of the Supervisory Board's chairman and member can terminate before the expiry of the period for which they were appointed, by being relieved of their duties based on the General Meeting's decision, in accordance with the provisions of Article 247, paragraph (5) of the Law on Companies and further provisions of this Statute.

(3) If during the term of office, the Supervisory Board's chairman or member cease to fulfill the conditions for appointment or if some of the conditions from Article 248 of the Law on Companies are met, s/he shall be obliged to inform the Supervisory Board and the Company Management thereof without delay.

(4) In the case from Article 247, paragraph (5), item (a) of the Law on Companies, when not the entire Supervisory Board is discharged, the Supervisory Board's chairman or member shall not be discharged, if the number of votes "AGAINST" his discharge equals or is greater than the number of votes which he obtained during appointment of the entire Supervisory Board.

(5) A discharge of the Company's Supervisory Board's chairman or member before the expiry of the term of office to which s/he was appointed, in addition to the reasons stipulated by the provisions of this Article of the Statute, can be done under the following conditions:

a) Upon his/her personal request;

b) In case s/he is not able to perform or does not perform the function of the Supervisory Board's member;



- c) In case of unlawful and unconscientious performing of obligations, or not acting with due care and diligence and not acting loyally to the Company, in accordance with the provisions of Articles 39 and 40 of the Rulebook on Managing Joint Stock Companies;
- d) In other cases stipulated by the law, this Statute and the Rules of Procedure on the Supervisory Board's work;
- (6) A proposal for discharge of the Supervisory Board's chairman or member shall concomitantly contain a proposal of a candidate for that position.
- (7) The term of office of the member who was appointed instead of the discharged chairman or member, when not the entire Supervisory Board is discharged, shall last until expiry of the terms of office of the Supervisory Board's members who were appointed on the occasion of the appointment of the entire Supervisory Board, and were not relieved of their duties.
- (8) When all the Supervisory Board's members who were appointed during the appointment of the entire Supervisory Board are successively discharged, their term of office shall last as provided for in paragraph (7) of this Article.
- (9) The term of office shall last as provided for in paragraph (8) of this Article when all the Supervisory Board's members who were appointed during the appointment of the entire Supervisory Board are successively discharged.

Article 73

- (1) The Supervisory Board's chairman and member can resign. A resignation shall, through the Company's Secretary, be submitted to the Company in writing and if it does not entail anything else, it shall come into effect on the day of its submission.
- (2) The Company's Secretary shall be obliged to immediately notify all members of the Company's Supervisory Board and Management on the resignation from paragraph (1) of this Article.

Article 74

- (1) The Supervisory Board's chairman and members shall conclude individually with the Company a contract which was previously approved by the General Meeting and



which shall be signed by the Company's CEO on behalf of the Company.

(2) The contract from the previous paragraph of this Article shall mandatorily contain the rights and obligations, the authorizations and responsibilities, and the criteria and the amount of the fee for the Supervisory Board's chairman and members.

Article 75

(1) The Supervisory Board shall work and decide at the meetings held minimum once in three months, and convened by the Supervisory Board's chairman, through the Company Secretary, on his/her own initiative.

(2) The Supervisory Board's chairman shall: establish the agenda and preside over the Supervisory Board' meetings, supervise the entire work of the Supervisory Board and its commissions, make sure that other members receive all the information necessary for fulfillment of their obligations, organize a training program for the Supervisory Board's members, ensure that the Supervisory Board's members have enough time for consultations and decision-making, represent the Supervisory Board, take care of the implementation of the Supervisory Board's decisions as well as of the execution of its agenda, and perform other tasks in accordance with this Statute, Rules of Procedure and other general acts of the Company.

(3) The Supervisory Board's chairman shall be obliged to convene a meeting at the request of the Company's CEO or two members of the Supervisory Board, no later than 14 days from the day of the request being submitted, otherwise the requestor shall be authorized to convene the meeting.

(4) Upon proposal of the Supervisory Board member, at the meeting at which the proposal for discharge was included in the agenda, the Supervisory Board can, by the majority of votes of the members present, relieve the Supervisory Board's member of duty of the Supervisory Board's chairman and elect one of its members as the Supervisory Board's chairman, in accordance with this Statute and the Rules of Procedure.

Article 76

The Supervisory Board's meeting can be held if it is attended by the Supervisory Board's chairman or a person who presides over the meeting and who replaces him/her, and at least 2 (two) Supervisory Board's members.

Article 77



The Supervisory Board shall adopt decisions by the majority of votes of the present members, without the possibility for anyone to vote on the issues which concern him/her personally.

Article 78

All other issues of significance for the Supervisory Board's work and decision-making, which are not regulated in more detail by this Statute, and which concern the place and the manner of the holding of the session, the session's convening and agenda, the session's course and the duties of the chairman or the person presiding over the session, the manner of decision-making, the contents and the format of the Minutes, as well as archiving, keeping and handling the materials and Minutes from the Supervisory Board sessions, shall be stipulated in more detail by the Rules of Procedure.

Article 79

- (1) The Company's Supervisory Board shall be obliged to:
- a) Convene the General Meeting and establish the agenda and proposals of decisions;
 - b) Execute the General Meeting's decisions;
 - c) Propose amendments to this Statute to the General Meeting;
 - d) Supervise the Company's operations, adopt business strategies and the Company's business plans;
 - e) Adopt the Management's report on the Company operations based on semi-annual and annual accounts, with the balance sheet and profit and loss statement and the audit report in accordance with the law;
 - f) Submit to the General Meeting annual report on the Company's operations, which shall mandatorily include financial and auditor's reports, and a report on the Supervisory Board's and Audit Board's work;
 - g) Elect the Supervisory Board's chairman;
 - h) Appoint the Company CEO and Executive Directors;



- i) Appoint the Company Secretary;
- j) Propose the allocation and the method of use of the profit as well as the method of loss coverage to the General Meeting;
- k) Approve purchase, sale, replacement, taking over or giving for lease, taking or granting of loans and other transactions involving the assets, either directly or through its subsidiary companies, in the course of the business year to the extent exceeding 15% up to 33% of the total Company assets' book value in the balance sheet at the end of the previous year;
- l) Propose to the General meeting a purchase, sale, replacement, taking over or giving for lease, taking or granting of loans and other transactions involving the assets, either directly or through its subsidiary companies, in the course of the business year to the extent exceeding 33% of the total Company assets book value in the balance sheet at the end of the previous year;
- m) Appoint the chairman and members of subcommittees, depending on the estimated needs;
- n) Form occasional commissions and professional bodies and establish their composition and duties;
- o) Approve the issuance of new shares of the existing class in the total amount of up to 1/3 of the sum of the nominal value of the existing shares and set the amount, time of the sale and price of these shares, which cannot be less than the average market value of the existing shares of the same class over 30 consecutive days before the day of adopting of the decision on issuance;
- p) Adopt the Rules of Procedure on its work and adopt other general acts within its competence in accordance with the law and this Statute;
- r) Decide also on other issues in accordance with this Statute, General Meeting's decisions, law, regulations of the Commission and other competent bodies;

Article 80

The Supervisory Board cannot transfer the competences stipulated by the previous Article



onto another body.

Article 81

(1) When performing his/her authorities and responsibilities, the chairman and each member of the Supervisory Board individually and all together have the right to request and obtain from the Management and the employees of the Company all the information on operations, request the attendance and votes of the Management members at the Supervisory Board's sessions, as well as attend the Management's meetings.

Article 82

(1) The Supervisory Board's chairman and members individually and all together shall be obliged to perform their authorizations, obligations and responsibilities conscientiously, i.e. with due care and diligence and loyalty to the Company, in accordance with the law, regulations of the Commission, this Statute and the General Meeting's decisions, in the interest of the Company and its shareholders and shall not be able to perform an activity which is competitive with the activities of the Company without notification and consent of other Supervisory Board's members.

(2) When proposing the issuance of new or repurchase of own Company's shares and other securities, the Supervisory Board members shall be obliged to announce all important information which concerns the Company's operations.

(3) The Supervisory Board's chairman and members shall be obliged to report to the Supervisory Board and the Company any direct and/or indirect interest in a legal entity with which the Company has and/or intends to enter into a business relationship or any other form of merger of capital and shall not be able to decide on the issues which concern the Company and other legal entities in which they have a direct and/or indirect interest.

(4) In the case from the previous paragraph (3) of this Article, the Supervisory Board chairman and member cannot decide on the issues that concern the relationship between the Company and other legal entities in which the Supervisory Board's chairman and member have a direct and/or indirect financial and other personal interest.

(5) The Supervisory Board's chairman and members shall, without restriction and solidarily and/or each one individually, be responsible for the damage which they cause to the Company by their actions contrary to the provisions of paragraphs (1), (2) and (3) of this Article and in accordance with the provisions of Article 261, paragraph (1) of the Law on Companies.



(6) The Company's Management and a shareholder and/or a group of shareholders with 5% of voting shares can request an indemnification in line with the provisions of paragraph (5) of this Article by filing an action with the court.

(7) The Company can renounce the claim based on the request from the previous paragraph (6) of this Article after expiry of three years from the day of its submitting, if that renouncement is approved by the General Meeting, and if no objection was made at the General Meeting against that decision by a shareholder with minimum 10% of voting shares.

Article 83

The Company's Supervisory Board's chairman and members shall be obliged to give individually for the General Meeting, regarding the annual report on the Company's operations, a statement on acting in accordance with the law, the Rulebook on Managing Joint Stock Companies, this Statute and other general acts of the Company.

3.The Company's Management

Article 84

(1) The Management shall organize the work and manage the operations, represent the Company and take responsibility for the legality of the Company's operations.

(2) The Management shall consist of the CEO and Executive Directors whose number and scope of work shall be determined by the Supervisory Board upon proposal of the Company's CEO.

(3) The term of office of the Management members shall be 4 (four) years.

(4) The Management shall determine and propose a Business Plan, which, for the period for which it was adopted, shall represent a basis of the Company's business activities regarding the issues it contains.

(5) Notwithstanding the provisions from paragraph (5) of this Article, the Management shall, over the course of a business year and on periodical basis, reconsider the business plan, and if necessary and in accordance with its goals, it shall revise the business plan and made it compliant with commercial trends and with the trends in domestic and foreign markets.

(6) The management can, by a special act and upon proposal of the Company's CEO, establish the method and dynamics of the business plan's consideration at an annual



level.

(7) The Management shall be obliged to consider and assess the extent of respecting as well as the necessity of implementation of the Audit Board' recommendations, within its competences, in the Company's functions.

Article 85

The Company's Management members shall be obliged to submit to the Company's Supervisory Board individually and along with the annual report on the Company's operations, a statement on compliance with the law, other regulations, Statute and other general acts of the Company, including the Code of Ethics.

Article 86

(1) The Company's CEO shall be appointed by the Supervisory Board, for a four- year term of office, without restraints on the possibility of reappointment.

(2) The Company's CEO shall preside over the Management, manage the operations, represent the Company and be responsible for the work of the Management and legality of the Company's operations.

(3) The Company's CEO's position, authorizations, responsibilities and rights shall be governed by a contract which the Company's CEO shall conclude with the Company's Supervisory Board, in accordance with positive legal regulations.

Article 87

(1) The Company's CEO shall be the Company's legal representative without restrictions.

(2) The Executive Directors shall represent the Company in the activities and to the extent as decided by the Company's CEO.

(3) The Company's CEO can also authorize third persons to represent the Company, by means of a written power of attorney determining the contents, the limits and the duration of the authorization for representation.

(4) The authorization from paragraph (3) of this Article cannot be given to the Supervisory Board's and/or Audit Board's chairman or member.

Article 88



(1) The Executive Directors shall be appointed and discharged by the Supervisory Board, upon written proposal of the Company's CEO.

(2) Regardless of the appointment time, the Executive Directors shall be appointed for the period of the current term of office of the Company's CEO.

(3) The Executive Directors shall organize the work, represent the Company and be responsible for the legality of operations within the scope of their work.

(4) Mutual relations in the performance of activities, the amount of salary, the responsibility in performing the prescribed obligations and other issues shall be regulated by a contract which, on behalf and for the account of the Company and with a prior approval of the Supervisory Board, the Company's CEO shall conclude with the Executive Director in accordance with positive legal regulations.

Article 89

The Company's CEO shall give a written authorization to one of the Executive Directors to replace her/him in case s/he is prevented or absent and shall determine the authorizations.

Article 90

(1) The persons contrary to the provisions of Article 248 of the Law on Companies cannot be appointed as the Company's CEO and Executive Directors.

(2) The Company's Management members shall, in an appropriate way, be subject to the provisions of Article 258 and the provisions of Article 267 of the Law on Companies.

Article 91

(1) The term of office of the Company's CEO and/or Executive Director can terminate before expiry of the term for which s/he was appointed by being relieved of his/her duties by the Supervisory Board's decision, and particularly in the following cases:

a) By submitting a written resignation;

b) In case that they are incapable for performing or do not perform the function of the Company's Management member;



- c) In case of disloyalty to the Company, unlawful and/or unconscientious performing of obligations, or not acting with due care and diligence;
 - d) In case of circumstances from Article 248 of the Law on Companies;
 - e) If they do not act in accordance with the provisions of Article 258, paragraph (1) and Article 267 of the Law on Companies;
 - f) In other cases stipulated by the Law, this Statute and other general acts of the Company;
- (2) With respect to the responsibility for a damage caused to the Company, the Company's Management members shall be subject to the provisions of Article 260 of the Law on Companies.
- (3) In case of discharge of the Company's Management members before the expiry of their terms of office, the provisions of Article 247, paragraph (5) of the Law on Companies shall be applied accordingly.
- (4) In case of resignation, the CEO and other members of the Company's Management shall be obliged to continue to perform the duties from within their scope of activities within the notice period which shall be established by the Supervisory Board and which cannot be less than 30 days.
- (5) The term of office of the Company's Management member who is appointed instead of the discharged Management member, when not all the Management is discharged, shall last until the expiry of the terms of office of the Company's Management members who were appointed during the appointment of the entire Company's Management, and were not discharged, and in any case until the expiry of the Company's CEO's term of office.
- (6) The Company's Management member whose term of office has expired or who was been relieved of his duties before expiry of his/her term of office, shall be obliged to perform a handover of duties within a deadline and in a manner which shall be determined by the Company's CEO.

Article 92

In case of being prevented to perform his/her duties over a period longer than 60 days, the Company's CEO shall give a written authorization to one of the Executive Directors to replace him/her in the current transactions, and in case of being prevented to perform his/her duties over a period longer than 60 days, the Company's CEO shall be obliged to inform the Supervisory Board without delay and in writing about the reasons and duration of his/her being prevented, and the Supervisory Board can approve a replacement for



performance of the Company's CEO's duties until s/he is no longer being prevented to do so.

4.The Company' Secretary

Article 93

(1) The Company's Secretary shall be appointed and discharged by the Supervisory Board upon proposal of the Company's CEO.

(2) A legally capable person who is a bachelor of law and has minimum five years of professional experience can be appointed as the Company's Secretary and the Supervisory Board can establish additional requests which a candidate for secretary must fulfill.

(3) A person contrary to the provisions of Article 248 of the Law on Companies cannot be appointed as the Company's Secretary.

(4) Regardless of the appointment time, the Secretary shall be appointed for the period of the Company's CEO's current term of office.

(5) Mutual relations in the performance of activities, the amount of salary, rights, authorizations and the responsibility in performing the prescribed obligations and other issues shall be regulated by a contract which, on behalf the Company and with a prior approval of the Supervisory Board, the Company's CEO shall conclude with the Company's Secretary.

Article 94

(1) The Company's Secretary shall be responsible for legal and professional preparation, support and monitoring the organization as well as lawful implementation of the procedures of convening, holding and deciding of the Company's General Meeting, the Supervisory Board meetings and the committees and/or professional commissions appointed by the Supervisory Board for the preparation of proposals and/or implementation of decisions.

(2) The Company's Secretary shall be obliged to attend the General Meeting, meetings of the Supervisory Board and meetings of the Company's Management upon invitation from the Company's CEO.



(3) The CEO and members of the Company's Management shall provide to the Company's Secretary, in a timely manner, decisions whose implementation falls within the responsibility and powers of the Company's Secretary, otherwise the Company's Secretary shall not be accountable for any potential consequences of failure to implement such decision.

Article 95

- 1) The Company's Secretary shall be obliged to:
 - a) Keep a register of the General Meetings' Minutes, with the documents related to the agenda and the General Meeting's decision-making;
 - b) Keep a register of the Supervisory Board's Minutes, with the documents related to the agenda of the Supervisory Board's meetings and its decisions;
 - c) Keep other documents from the Company's Secretary's scope of work, except for financial reports;
 - d) Prepare the meetings, draft and distribute the Company's General Meeting's Minutes and decisions to authorized persons;
 - e) Prepare the meetings, and draft and distribute the Supervisory Board's Minutes and decisions to authorized persons;
 - f) Enable the shareholders to inspect the Company's documents in accordance with this Statute's provisions;
 - g) Implement the decisions of the General Meeting, Supervisory Board and the Company's Management, as well as perform other professional tasks at the Company's CEO's request;

Article 96

- (1) The Company's Secretary can be relieved of his/her duties before the expiry of the term to which s/he was appointed in the following cases:
 - a) When s/he loses the trust of the Company's Supervisory Board and/or Management;
 - b) Upon written request of the Company's Secretary;



- c) In case s/he is incapable for or does not perform the function of the Company's Secretary for more than 30 days without justified reason;
- d) In other cases stipulated by the law and this Statute;

5. Audit Board

Article 97

- (1) The Audit Board shall consist of minimum three members, who shall be individually appointed by the Company's General Meeting upon proposal of a shareholder or a group of shareholders with minimum 5% of voting shares.
- (2) A proposal of the candidate for the Audit Board member must contain all the necessary information and the documentation referring to the fulfillment of the conditions stipulated by the law, other regulations and this Statute.
- (3) The Audit Board's chairman or member cannot be a member of the Supervisory Board or Management or employed in the Company, nor have a direct or indirect financial interest in the Company, with the exception of a fee on the grounds of the Audit Board member's function.
- (4) The Audit Board members shall be appointed for the term of 4 (four) years and the provisions of Article 71, paragraph (1), (2) and (3) of this Statute shall apply on the occasion of their appointment.
- (5) The Audit Board's chairman shall be elected among the Audit Board's members.
- (6) The compensations and other rights and obligations of the Audit Board's chairman and members shall be defined by a contract, which, on the basis of the General Meeting's decision, shall be concluded with each of them individually, on behalf of the Company, by the Company's CEO in accordance with positive legal regulations.
- (7) The responsibilities of the Audit Board's chairman and members regarding the performance of duties from within their competence, as well as their relief of duties, shall be governed by the provisions of the Rulebook on Managing Joint Stock Companies and the provisions of this Statute relating to the Supervisory Board, as well as those of the contract concluded with the Company.



Article 98

- (1) The Audit Board shall be authorized to prepare and propose the procedures which should minimize the risk of violations or offenses, ensure the application of the accounting standards and propose the Company's accounting policies.
- (2) The Audit Board shall be authorized to cooperate with an external auditor without mediation of the Supervisory Board and the Company's Management.
- (3) The Audit Board shall be authorized to request the convening of the Supervisory Board's meeting and the General Meeting when it considers that the shareholders' interests have been endangered or when it establishes irregularities in the work of the Supervisory Board or the Company's Management or their members, in accordance with the law.
- (4) The Audit Board shall be obliged to perform an audit of semi-annual and annual accounts and a concomitant control of the compliance of the Company's operations and the functioning of the Company's bodies with the Law on Companies and other relevant regulations and basic principles of corporate management and submit a report thereof to the General Meeting and the Supervisory Board, no later than 8 (eight) days upon the audit's termination.

Article 99

The Audit Board shall also perform other duties that are prescribed by the Rulebook on Managing Joint Stock Companies.

IX COMPANY'S ORGANIZATION AND EMPLOYEES

Article 100

The Company shall be organized as a unique independent organization and an economic – business whole based on functional, technological, process and regionally and/or internationally directed principles, thus creating prerequisites for successful business, profitability, efficiency of management, timely making of decisions and mandatoriness of their implementation.

Article 101

- (1) The Company's organizational structure, i.e. units and their scope of work, organizational units' management, special rights and authorizations of the organizational units' heads, as well as the rules on organization of internal work in the Company shall be



stipulated by the Rulebook on Internal Organization which shall be adopted by the Company' CEO and whose integral part shall also be the Company's organizational scheme.

(2) The Company can incorporate business units (affiliates, branch offices, etc.) and representative offices, both in the country and abroad.

(3) A decision on incorporation of a business unit and representative office from the previous paragraph of this Article shall be adopted by the Company's CEO.

(4) The Company's CEO shall appoint the organizational units' heads.

Article 102

(1) The aim of the Company's organization shall be the following:

- a) To ensure efficient operations in accordance with the best practice and standards of corporate management;
- b) Full managerial connection between certain parts of the Company, the Company's CEO and Executive Directors and other persons with special authorizations and responsibilities;
- c) Obligatoriness of executing business policy in individual segments;
- d) Personal responsibility and individual authorizations of the Company's CEO, Executive Directors, persons with special authorizations and responsibilities and of all the employees for the activities and tasks from the field under their responsibility;
- e) Unhindered flow of information for ensuring cooperation between certain organizational parts of the Company;
- f) Clearly defined status of each organizational unit;
- g) Improvement of the Company' operations;

Article 103

In accordance with the established organizational scheme and organizational structure from Article 101, paragraph (1) of this Statute, the Company's CEO shall establish a job classification, the necessary structure and the number of employees.

Article 104



- (1) The Company's employees shall realize the rights and fulfill the obligations and responsibilities arising from work in accordance with the law, collective contract and employment contracts.
- (2) A decision on concluding a collective contract for the Company shall be adopted by the Company's Management.
- (3) The Company's employees can organize a union or a council of employees in accordance with the Labor Law and the Law on Council of Employees. No organizations can be founded and no activities can be implemented within the Company which do not have the character of a union or union activities, or a council of employees in accordance with the Labor Law and the Law on Council of Employees.

X RELATED COMPANIES

Article 105

- (1) If the Company has a majority share in equity of another company or if on the basis of a contract concluded with another company it has the right to appoint the majority of members of that Company's Supervisory Board, and/or have the majority of votes in that Company's General Meeting, than the Company shall be a parent company, and the other company shall be a dependent company.
- (2) The Company shall be a parent company with a majority share in equity when directly or indirectly through another company, on the basis of more than 50 % of the share in equity of another company, it has more than 50 % of votes at the dependent company's general meeting.
- (3) A share in the equity which belongs to the Company as a parent company can be direct or indirect and shall be determined by the provisions of Article 52, paragraph (3) to (5) of the Law on Companies.
- (4) A dependent company can procure shares in the Company as a parent company as well as realize its right to vote on the basis of the shares which it already holds, in accordance with the provisions of Article 53 of the Law on Companies.

Article 106

The Company can have a share in equity of another company, which simultaneously has a share in the Company's equity, when they form mutual share companies.

Article 107

- (1) The Company can found a concern and/or a holding on the basis of a domination agreement and in accordance with the Law.



2) The Company can conclude joint venture contracts with or without founding any form or related company with other companies and foreign companies, for the purpose of successful realization of a certain joint business venture and in accordance with this Statute, the Law and international acts and agreements, as well as generally accepted rules, standards and practices.

Article 108

The Company can found a business association with one or more companies for the purpose of improving its own business and harmonizing the performance of the activity in accordance with the Law.

Article 109

Based on a relevant contract, the Company can also merge into other forms of business merger (consortium, franchising, and group of companies, business union, business systems, pool and other forms).

XI COMPANY'S DIVISION, ACQUISITION, MERGER AND TERMINATION

1. Reorganization plan

Article 110

The Company can be divided into two or more joint stock companies, merged with another joint stock company, merged one or more joint stock companies with the Company, and it can merge with one or more joint stock companies into a new joint stock company in accordance with the Law.

Article 111

(1) A decision on division, merger or acquisition shall be adopted based on a reorganization plan which shall be prepared by the Management and upon the Supervisory Board' proposal it shall be adopted by the Company's General Meeting in accordance with the Law.

(2) The Supervisory Board shall inform the Company's shareholders and creditors minimum 30 days before the date of decision -making.

(3) The Supervisory Board shall publish the decision on the intended reorganization in the media.

Article 112

A reorganization plan shall contain the elements and requirements provided for in Article 67 of the Law on Companies.

Article 113



The Management and the Supervisory Board's members and other persons who prepared the reorganization plan and the auditors who inspected it and gave their opinions about the companies participants, shall bear the unrestricted solidary responsibility to the Company and the shareholders for a damage, if when establishing the extent of replacement of rights on the occasion of the Company's merger, acquisition and/or division they failed to act in accordance with the rules of the profession.

Article 114

Before making decision on the reorganization plan, the Company's Management shall give to each shareholder at his/her request for inspection or hand him/her over the copies of the reorganization plan, the Company's annual financial reports for the last three business years, an extraordinary financial report for the three months preceding the drafting of the reorganization plan, including the auditors' reports and opinions if the data in it are older than six months.

2. Division

Article 115

- (1) The Company can be divided by merging with two or more existing open joint stock companies or division into two or more new open joint stock companies, in accordance with the Law and on the basis of the General Meeting's decision adopted by a two-thirds (2/3) majority of the represented voting shares, including priority shares, by separate voting by share classes.
- (2) The decision from the previous paragraph of this Article shall mandatorily contain:
 - a) The form, the name, the headquarters and the activity of each successor company;
 - b) The Company's and each successor company's balance sheet, with an external auditor's report;
 - c) Allocation of the Company's rights (assets) and obligations to successor companies and
 - d) The list of shareholders or members of each successor company with individual shares in equity;
- (3) On the basis of the decision from paragraph (1) of this Article, the shareholders shall acquire shares or interests in successor companies, in proportion to the percentage of their shares in the Company's equity.
- (4) After division, the Company's liabilities shall be the unrestricted solidary



responsibility of the successor companies.

3. Acquisition and merger

Article 116

(1) The Company can merge with another joint stock company or companies into a new joint stock company, or can be merged with one of them, and one or more companies can be merged with the Company, based on a decision of the Company's General Meeting adopted with a two-thirds (2/3) majority of the represented voting shares, including priority shares.

(2) The Company can be merged with another company only if upon merger that company fulfills one of the criteria for an open joint stock company.

(3) The Company can be merged with one or more other companies only provided that a new open joint stock company shall be founded by that merger.

(4) The decision from the previous paragraph of this Article shall mandatorily contain the elements provided for in the Law.

4. Company's termination

Article 117

(1) In addition to a termination arising from a division, acquisition by another company or merger with another company, in which case the Company shall have one or more legal successors, the Company can terminate in such a way that the Company's assets are not being transferred to the legal successor, but a liquidation procedure is conducted instead.

(2) The decision on the Company's termination within the meaning of the previous paragraph of this Article shall be adopted by the Company's General Meeting, and it shall mandatorily contain the date of adoption, the number of voting shares represented at the Meeting and the number of votes given for the decision, and the names and family names of the Company's Management members who take over the function of liquidator with a specific mention about a group performance of the function of liquidator.

(3) The Company's CEO shall be obliged to submit the Decision from paragraph (2) of this Article to the Commission and the registration court, no later than 8 (eight) days from the day of adoption.

(4) The authorizations of the Company's Management and the Supervisory Board shall also terminate on the day of entry of the Decision on the Company's termination in the Court Register and initiation of the liquidation procedure.



Article 118

- (1) The liquidator shall be obliged to publish the notification on initiation of the liquidation procedure in minimum one local daily newspaper, three times from the day of adopting the decision from the previous Article, at 15 - 30 days intervals.
- (2) By means of the Notification from the previous paragraph of this Article, the liquidator shall be obliged to invite the creditors to report their claims, 3 (three) months from the day of the last publishing at the latest.
- (3) The liquidator shall be obliged to address the notification with invitation from paragraph (1) of this Article to the known creditors on an individual basis.

Article 119

- (1) The Liquidator shall be obliged to draft and submit to the Company's General Meeting for approval an initial liquidation balance sheet, no later than until the end of the business year in which the liquidation procedure was initiated.
- (2) The Company's General Meeting shall be obliged simultaneously with the approval of the initial liquidation balance sheet to discharge the Company's Supervisory Board and the Management.
- (3) The Liquidator shall be obliged to terminate the operations and collect the Company's claims, sell the Company's assets and settle its liabilities, submit a balance sheet, a profit and loss statement and a report on the course of the liquidation to the Company's General Meeting at the end of each business year during the liquidation procedure, within a deadline stipulated by the decision on the Company's termination and a liquidation procedure initiation, and a final report on the liquidation course with a financial report and proposal for division of the remaining assets.

Article 120

After the performed actions from Articles 292 and 294 of the Law, the liquidator shall be obliged to convene the Company's General Meeting and submit the annual statement of accounts.

XII STATUTE AMENDMENTS' PROCEDURE

Article 121

- (1) A written proposal for amendments to this Statute can be submitted to the Company's General Meeting by the Supervisory Board and a shareholder or a group of shareholders with minimum 5% of the voting shares.
- (2) A decision on amendments to this Statute shall be adopted by the Company's



General Meeting by a simple majority of votes of the represented voting shares, except in cases stipulated by the law and this Statute, when the Company's General Meeting shall decide on certain issues by a two-thirds (2/3) majority of the represented voting shares, including priority shares, by a separate voting by share classes.

- (3) Notwithstanding paragraph (2) of this Article, the Company's Supervisory Board shall be authorized to adopt a decision on the change of the Company's Headquarters address in the same place and change of the Company's name and/or activity, when such changes have been imposed by regulations or other administrative reasons.

XIII INTERIM AND FINAL PROVISIONS

Article 122

(1) The Supervisory Board's and the Audit Board's chairman and members, the Company's CEO, the Company's Executive directors and Secretary in the current term of office at the time of this Statute's adoption, shall continue to perform their duties until the expiry of the period to which they were elected or appointed, except in case of an early termination of the term of office in accordance with the provisions of this Statute.

(2) General acts within the Competence of the Company's Supervisory Board and Management shall be made compliant with the provisions of this Statute within 6 (six) months from the day of its coming into effect, and the provisions of the existing general acts shall apply until then, except for the provisions contrary to this Statute and/or the Law on Companies .

(3) Any fields and issues, which are not specially regulated by this Statute, shall be governed by the Law on Companies and other positive legal regulations.

Article 123

(1) The Statute of Bosnalijek d.d. Consolidated text number: 2933/15 of 22/10/2015 shall cease to be valid on the day of the beginning of implementation of this Statute.

(2) This Statute shall come into effect on the day of its adoption and shall start to apply on the 8th (eighth) day from the day of its publication on the notice board at the Company's Headquarters.

GENERAL MEETING'S CHAIRMAN

/Round Stamp/



/Signature/
Edin Dizdar

Number: 2830/2017

Date: 18/09/2017

I certify the above to be a true and complete translation of the Bosnian original.

Sarajevo, 14 November 2017

Irma Žiga, Certified court interpreter for English



