

CODE

Corporate Governance

 **Telefonija**



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A.D. "Telefonija"

"When all men think alike, no one thinks very much."

Lippmann

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I Intro

Corporate Governance Code defines basic principles for realization business goals of A.D.Telefonija for:

- Economic efficiency improvement
- Shareholders and investors continuous confidence improvement
- Relationship regulation between management, shareholders and employees

Corporate Governance Code is part of broader economic environment in which A.D.Telefonija acts including macroeconomic policies, marketing principles and business ethics. It`s application does not exclude any legislation or bylaws.

Corporate Governance Code is implemented and these parts are governed by it:

- Shareholders Assembly
- Boards (Directors, Executive, Supervisory)
- Management
- Internal and external auditors
- Dependant divisions
- Shareholders and investors
- Employees in Telefonija

Corporate Governance Code is open for changes according to the trends in good corporate practice and Company`s business goals.

II Ownership (shareholders) rights

The rights of the shareholders arise from relevant regulations, Company Charter of AD "Telefonija", and Corporate Governance Code, which serve the interests of shareholders in establishing open communication about business developments and goals of the company.

Basic rights and obligations of A.D. "Telefonija" shareholders include the right to:

- Secure methods of share ownership registration
- Free transfer of shares
- Regular and timely delivery or access to relevant reliable information about AD "Telefonija"

- Participate in, and vote at, regular and extraordinary General Assembly of AD "Telefonija"
- Timely information on the schedule, venue and agenda of the General Assembly of AD "Telefonija"
- Deciding about the distribution of profit
- Adopting and amending of Company Charter of AD "Telefonija"

Rules for convening the General Assembly of A.D. "Telefonija" should ensure all shareholders to receive a sufficient amount of relevant and prompt information on the subject of decision making as defined in the agenda.

The dividend shall be paid out within a reasonable time in compliance with clear regulations on dividend rights.

Changes in the ownership structure shall be performed in the manner that provides equal treatment of shareholders respecting pre-emptive buying rights in case of new share issue.

Stock and Bond exchange are conducted according to the actual legislation (rules and regulations of Belgrade Stock Exchange)

III Duties and Responsibilities of Board Members

Board of Directors, Executive Board and Supervisory Board are responsible to shareholders. General Shareholders Assembly elects the members of Board of Directors according to the Telefonija's Charter.

- Board of Directors acts in the best interest of A.D. Telefonija through realization of strategic goals and accountable monitoring of management insuring growth and gaining profit and successful operation of the Company for the best interest of shareholders, investors, employees, creditors, customers and community.

- The Role of Board of Directors members are defined in the Charter. They have to have broad academic education and professional knowledge in various fields concerning management. At least one member should have experience and knowledge in finance and accounting

Board of Directors members are defining, reviewing, approving and conducting Telefonija's:

- Long term strategy
- Business Plan
- Business Organization

- Appointing of the management, monitoring and supervising of the management according to the policy, business Plan and Legislation, as well as revoking the management
- Defining the principles of remuneration of the management
- Defining bylaws and procedures
- Organization of the financial and accounting control in accordance to the legislation as well as external and internal audit
- Human resources Educational Plans, Career movement and Succession
- Regular reporting
- Preparation of Shareholders Assembly and realization of the decisions

A Chairman of the Board is elected by the Members among themselves. A chairman should have leadership and organizational skills. His task is to develop and improve mutual trust and successful collaboration between the Members of the Board. He has the Chair on Board meetings, represents the Business System, supervises management structure, and communicates with shareholders and investors, employee representatives...

Deputy Chairman is elected by the some Board. He resumes the function of Chairman in cases of non availability, dispensation of Chairman until next elections and in all cases of conflict of interest where Chairman is not voting.

The role of Board Members is to insure equal treatment toward shareholders, investors, employees and other stakeholders in some and similar situations regardless of origin of influence.

Board Members are governed by the Telefonija`s Charter and bylaws in the best interest of the System.

They are obligated to inform the Board about their own personal interest or any other information in their possession concerning important issues for decision making.

They also have individual and collective responsibility for loyal conduct toward Company as well as to shareholders.

Allowances of Board Members are in relation with Company`s financial results. Bonuses and extras are built on strict criteria defined in Business Plans and Goals.

IV Confidentiality of Information

All employees of A.D. "Telefonija" shall strictly conform to all relevant provisions and regulations related to stock trade by the instructed persons, and share disclosure information.

"Information of Instructed Person" is internal information, which could

significantly affect the concluding price of actual shares or securities.

V Disclosure and Transparency

Telefonija insures access to reliable and accurate information about major events and business results in according to Legislation for all Stakeholders. Also, with the use of contemporary communication technology, Telefonija disclose to public all relevant information

The Goal of Telefonija`s Corporative communications is objective and adequate communication of facts and information to shareholders, investors, business partners, employees and other stakeholders in order to preserve integrity and interest of Company. Organizational formation in charge for Corporative communication will adequately react to all legal requests, and will, in due time, unselectively and equally disseminate information to public.

Beside communications defined by Legislative Telefonija will disclose to public:

- Business Goals and Plans
- Appointments in the Boards
- Policy of the remuneration and allowances of the Board Members
- Appointment of the Auditors
- Main Risk Factors
- Corporate Governance Policy
- Other main issues concerning shareholders, investors and employees

Caring for the correct and continuous relationship with media Telefonija will report to the public about its business and develop transparency of the business policy.