

ANTITRUST POLICY

1 OBJECTIVE AND PURPOSE OF THE POLICY

The objective of this Policy is to prevent breaches of antitrust law. Croatian Telecom (hereinafter: Company) opposes restrictions on competition because free competition ensures effective performance.

The following summary shows what forms of agreements, arrangements or other forms of conduct are questionable or even forbidden under European and Croatian antitrust law and provides corresponding operational guidelines. These form part of your responsibilities under your employment contract. If you are not sure whether you are acting within a permissible or impermissible framework under antitrust law, please contact the organizational unit responsible for regulatory and public affairs immediately!

This Policy first describes the scope and regulatory content of the Policy (2. and 3.). Antitrust law is then briefly explained in the form of case groups (4. to 6.). Finally, the legal consequences are described (7.) and general conduct requirements (8.) defined.

2 SCOPE AND ADDRESSEES OF THIS POLICY

2.1 SCOPE

This Policy applies to all employees of the Company and its affiliated companies, provided the relevant management of each company in question has passed a resolution approving or has approved this Policy.

The Policy is intended to define rules of conduct for those employees who conduct discussions or negotiations with competitors, suppliers or customers that have the potential to restrict the competitive freedom of action of the Company, the contractual partner or a third-party.

"Employees" in this context shall refer to all persons employed by the Company, including Members of the Board of Management and Managing Directors, senior executives, full-time and part-time employees, employees on sabbatical leave, trainees and interns, as well as loan employees, casual workers and seasonal employees. The Policy shall also apply to employees whose employment has been suspended for the purposes of an international assignment within the Deutsche Telekom Group. The Policy valid in the country of deployment shall additionally apply.

2.2 IMPLEMENTING THIS POLICY

The Company is implementing this Policy in line with the DT group-wide effort. Therefore, this Policy is fully aligned with the DT Group Policy on Antitrust Law.

3 CONTENT OF THIS POLICY

The scope of this Policy comprises not only agreements with competitors, suppliers and customers but also unilateral acts (such as the abuse of dominant market positions) and control of concentrations of entrepreneurs. Sector-specific telecommunication laws are not covered by the scope.

4 PROHIBITION OF CARTELS

Antitrust law forbids all legal and actual acts that have the effect of preventing, restricting or distorting competition. This not only includes agreements (e.g., civil-law contracts, gentleman's agreements, etc.) between entrepreneurs, but also concerted practices whereby deliberate practical cooperation replaces competitive activity.

A restriction on market competition is deemed to exist if the freedom to act of certain market participants in respect of individual or multiple parameters of competition (e.g., prices, customers, sale quantities, range, quality, etc.) is restricted as the result of an agreement or arrangement. Restrictions of market competition may affect entrepreneurs on the same market level (horizontal relationship), that is, in particular competitors, as well as entrepreneurs on a different market level (vertical relationship), that is, in particular suppliers and customers.

4.1 DEALINGS WITH COMPETITORS ("HORIZONTAL AGREEMENTS")

The horizontal agreements and arrangements presented below vary greatly in their effects on market competition. Some agreements are forbidden from being entered into. In the case of others there may be some room to maneuver.

4.1.1 MARKETING (PRICES AND OTHER TERMS AND CONDITIONS)

Subject to any regulatory obligations, Company must set the prices and terms and conditions for its products autonomously. Any agreement or other kind of arrangement with a competitor in respect of prices, quantities, customers or other terms and conditions is prohibited and must be avoided. On the other hand, observation of a competitor's competitive conduct and unilateral reactions to price adjustments or other measures undertaken by competitors are permissible.

Thus, you must not enter into any agreements with competitors relating in particular to

- pricing, including minimum or maximum prices,
- granting of discounts,
- other handling and delivery modalities, such as production or sales volumes, and
- the allocation of territories or customers.

4.1.2 EXCHANGE OF INFORMATION

Alongside direct arrangements relating to prices or terms and conditions, no information that is sensitive must be exchanged between competitors if it has the potential to produce negative effects on competition.

Thus, the exchange of any sensitive information that could reduce uncertainty in doing business with competitors (information about prices, quantities, quality or range of products or innovations that are not publicly available) is strictly prohibited.

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4.1.3 PARTNERSHIPS

Partnerships between competitors can have positive effects on competition in the form of synergies and innovations (e.g., in the field of research and development). However, depending on the specific market conditions and the subject matter, partnerships can also have negative consequences on competition (e.g., sweeping marketing agreements between competitors with high market shares). Such partnership agreements therefore do not breach antitrust laws per se but may be problematic under certain circumstances. For that reason, they need to be considered on a case-by-case basis. Partnerships with competitors need to be assessed by the organizational unit responsible for regulatory and public affairs in advance. Under no circumstances may partnerships be entered into that have as their subject arrangements about prices or the sharing of markets or customers (see paragraph 4.1.1 above).

The following partnerships in particular may not be entered into without the agreement of the organizational unit responsible for regulatory and public affairs:

- Purchasing agreements with competitors
- Marketing agreements with competitors
- Production agreements with competitors
- Agreements relating to research and development with competitors

Note:

If you enter into agreements with other competitors, you must take the following premises into account.

- 1 You must only exchange such information as is necessary to assess the feasibility of the project ("need-to-know").
- 2 The exchange should be limited as far as possible to aggregated data that does not permit any conclusions on specific products to be drawn.
- 3 Sensitive information may only be exchanged between individuals who have signed a non-disclosure agreement and who are required to have direct knowledge of the information. In some cases, the exchange of information should be limited to members of a "clean team" that is comprised solely of individuals who are exclusively responsible for the evaluation and performance of the project or its individual sub-projects.
- 4 Before sensitive information is disclosed or otherwise passed to competitors or other third parties, the organizational unit responsible for regulatory and public affairs must approve the disclosure of this information.
- 5 No party may give suppliers, customers or other persons the impression that the contractual parties are acting in concert before the matter has been legally assessed.

These requirements apply by analogy if the sensitive information is passed on or disclosed to the other contractual party via a consultant.

4.1.4 BOYCOTTS

Antitrust law forbids unilateral or collective boycott measures, i.e., urging other entrepreneurs to impose blocks on supply or purchase.

Please note: calls for boycotts must be avoided!

4.1.5 AGREEMENTS IN TENDERING PROCEDURES

Bidding consortia and syndicates or consortium agreements between competitors in the context of tendering procedures generally are not permitted and must be avoided. This does not apply if the respective bidders would not be in a position to make an individual bid, e.g., because they do not have the requisite capacity to perform the contract or are not in a position to offer a competitive bid for financial reasons.

The following are permitted:

- Bidding consortia if the individual bidders would not be able to submit a separate bid

Agreements in which competitors come to an arrangement regarding their bidding conduct for public tenders are strictly prohibited and punishable! Thus, in particular arrangements with a

different bidder not to submit a bid of one's own or to submit a deliberately unfavorable (sham) bid so that the contract goes to the other bidder must not be entered into.

Such agreements in the public procurement procedure, in addition to being subject to a fine according to the Act on the Protection of Market Competition, also represent a special criminal offense of Misuse in the public procurement procedure, described in Article 254 of the Criminal Code, for which the perpetrator can be sentenced to imprisonment from six months to five years, i.e. one to ten years if the criminal offense resulted in the acquisition of substantial material gain or substantial damage.

The following are forbidden:

- All types of arrangements in the scope of bid submissions during tendering procedures.

4.1.6 TRADE ASSOCIATION MEETINGS AND OTHER MEETINGS WITH COMPETITORS

Situations in which antitrust law requirements relating to horizontal agreements are particularly stringent are trade association meetings and similar gatherings at which competitors come into direct contact.

Note:

To prevent breaches of antitrust law in the course of trade association meetings, you should proceed as follows:

1. If any issues relating to antitrust law are apparent or suspected, the agenda must be forwarded to and inspected by the organizational unit responsible for regulatory and public affairs
2. Minuting of the participation at the meeting and the content of the meeting
3. If any topics that are impermissible under antitrust law are addressed: urge that the discussion of the topic be terminated
4. In the event that termination is refused: leave immediately the meeting room and minute accordingly
5. Inform the organizational unit responsible for regulatory and public affairs

In this context, the contact between competitors outside the official part of such trade association meetings or comparable gatherings is particularly sensitive as this is neither documented nor prepared. Therefore, particular prudence must be exercised in this area when in contact and in discussions with competitors. Particularly in informal settings, increased care must be given to not exchange sensitive information or enter into arrangements with impermissible subject matters.

4.2 DEALINGS WITH SUPPLIERS AND CUSTOMERS ("VERTICAL AGREEMENTS")

Certain typical vertical agreements and their relevance under antitrust law are presented below. This list is not exhaustive.

4.2.1 RESALE PRICES

Customers – with the exception of "genuine" agents – must not be prescribed any resale prices (prohibition of resale price maintenance). However, there are exceptions, specifically:

The following are forbidden:

- Prescribing minimum or fixed prices
- Using recommended prices that have the actual effect of fixed or minimum sale prices due to the exercise of pressure or the granting of incentives by one of the parties involved (e.g., threat of terminating the commercial relationship)

4.2.2 PARTIALLY PERMISSIBLE AGREEMENTS

Alongside the agreements and conduct that are forbidden per se under antitrust law, there are also certain vertical agreements whose legitimacy depends on the circumstances of the individual case, that is, the configuration of the clause and the specific market structure (especially market shares).

In the case of the following agreements, you must consult the organizational unit responsible for regulatory and public affairs:

- Purchasing obligations and prohibitions on competition
- Most-favored clauses
- Prohibitions on marketing
- Distribution systems
- Allocation of territories or customer groups

4.2.3 LICENSE AGREEMENTS

License agreements are generally subject to the same rules as all other agreements. In addition, further agreements that restrict the contractual parties, and in particular the licensee, in their use or exploitation of the technology, may be prohibited. In this case a clear classification is difficult, meaning that in such case the organizational unit responsible for regulatory and public affairs must be consulted.

5 ABUSE OF A DOMINANT POSITION

The Company may not abuse dominant position it may have on the market. A dominant position exists if the Company is not exposed to any significant competition and is able to act substantially independent of its actual or potential competitors, consumers, customers or suppliers. Initial criterion for determining a dominant position is the entrepreneur's market share.¹

Other criteria are also used alongside this, for example financial strength, advantages in access to procurement sources or the market, connections with other entrepreneurs, legal or factual obstacles to the access of other entrepreneurs to the market, the ability to impose market conditions with regard to its supply or demand, and the ability to exclude competitors from the market by targeting other entrepreneurs. If an entrepreneur in a dominant position on the market illegally discriminates against other entrepreneurs or uses his market power in another impermissible way, this is abuse.

The following list of abuse constellations is not exhaustive.

5.1 PRICES AND CONDITIONS

The Company may not unduly discriminate against other entrepreneurs or unreasonably impede them in respect of the configuration of prices and terms and conditions if it has a dominant market position. For example, it may be deemed abusive to demand higher prices from one customer than from comparable customers without an objective reason. Objective reasons may be due for example to different order quantities and differences in distribution and logistics. Similarly, an entrepreneur in a ruling position is prohibited from conditioning the obtaining of more favorable conditions by exerting pressure. A strategy of excluding or driving other entrepreneurs from the market by deliberately accepting short-term losses (low-price strategy or selling below the purchase price) is also an abuse and must be avoided. Furthermore, an entrepreneur in a dominant position on the market is prohibited from excluding competitors by squeezing the margin (margin squeeze), i.e. by determining the price difference between the wholesale and retail prices in such a way that the costs of the retail product are not covered.

5.2 GRANTING DISCOUNTS

The Company is also subject to restrictions in respect of granting discounts if there is a probability to have a dominant market position. No discount schemes may be deployed that trigger a "suction" effect whereby customers have increasingly strong economic incentives to procure as large a possible proportion of their requirements from the Company.

¹ Under Croatian Competition Act an entrepreneur whose market share in the relevant market is more than 40 percent can be in a dominant position. Two or more legally independent entrepreneurs can be in a joint dominant position if, in relation to their competitors and/or suppliers and/or consumers, they act or act jointly on a certain market.

Thus, order-specific discounts may be granted that are accompanied by synergies or services of the customer:

- Volume discounts
- Functional discounts that are compensated by the financial services (e.g., advertising, warehousing) of the customer

Discounts with a suction effect aimed at concentrating procurement are forbidden:

- Loyalty discounts
- Annual sales discounts

5.3 REFUSAL TO SUPPLY AND TERMINATION OF EXISTING BUSINESS RELATIONSHIPS

Abusive conduct may also arise if refusals to supply are declared or existing business relationships are terminated without an objectively justified reason.

Refusals to supply and the termination of existing business relationships are only permissible in the event of special objective justification.

Objective justification for refusal to supply may come about, for example, due to capacity bottlenecks, distribution relationships or lack of creditworthiness on the part of the customer. Conversely, the fact that a new customer enters the market and thereby becomes a direct competitor is not an objective justification for terminating a business relationship.

5.4 EXCLUSIVITY CLAUSES

The Company may not use any market power it may have to bind customers or suppliers to it exclusively or predominantly.

Exceptions are only conceivable under very specific circumstances and must be assessed by the organizational unit responsible for regulatory and public affairs in advance.

5.5 TYING AND BUNDLING

Lastly, a dominant market position may not result in a restriction of competition on other markets. Thus, where Company has a dominant market position or strong market presence in respect of the

Tying and bundling are permissible only with special objective justification, e.g., to ensure product safety or technical functionality of the product!

offering of a product, that product may only be tied to other products after prior assessment by the organizational unit responsible for regulatory and public affairs. This applies not only to mandatory tying, but also the granting of economic incentives to promote bundled product sales. In the case of such bundled products, all bundled components generally must cover their costs.

6 MERGERS

Merger of entrepreneurs, i.e. acquisition of direct or indirect control or predominant influence of one or more entrepreneurs over another or more other entrepreneurs, as well as part or parts of other entrepreneurs (concentration of entrepreneurs), requires prior approval of the competent authorities for the protection of market competition. Transactions need to be notified at EU level or national level if the revenues of the entrepreneurs involved exceed specific thresholds and the conditions of the concept of concentration are fulfilled.² The completion of a merger is possible only upon the approval by the relevant antitrust authority. However, pursuant to the Croatian Competition Act the antitrust authority may, in particularly justified cases, upon the request of a party to the concentration, permit the implementation of particular actions relating to the implementation of the notified concentration before the expiry of the time period upon which the notified concentration is considered to be approved. In deciding on the request, the Agency shall take into account all circumstances of the relevant case, particularly the nature and gravity of the damages which might be posed on the parties to the concentration or on third parties, and the effects of the implementation of the concentration concerned on market competition.

7 LEGAL CONSEQUENCES OF A BREACH OF ANTITRUST ACT

In the event of a breach of antitrust law serious consequences for the Company and the acting individuals and their supervisors are to be anticipated. Pursuant to current decisions by the Court of Justice of the European Union, the behavior of daughter companies is attributed to the Company and, further to Deutsche Telekom as they jointly make up an economic entity. This is also deemed to be the case if subsidiaries are not able to determine their market conduct autonomously and instead follow instructions from their controlling parent company.

² Due to the fact that the group is considered as a whole, the relevant revenue thresholds are regularly exceeded for at least one company involved where the Company or one of its daughter companies is involved in a merger.

7.1 FINES

In the event of a breach of antitrust law, fines may be imposed on the Company. Fines can be imposed both by the European Commission and national antitrust authorities.

7.2 COMPENSATION

A breach of antitrust law can also result in claims for compensation of damages, which can be submitted by all entrepreneurs and consumers who have suffered damage due to the violation of the Croatian Competition Act. The claims for compensation may considerably exceed the level of a potential fine.

7.3 DECLARATION OF NULLITY

A breach of antitrust law renders the agreement that is counter to antitrust law null and void. The effect of the nullity is that the agreement is deemed not to have been concluded and is not legally enforceable. The nullity of an agreement that breaches antitrust law within a contract may even result in the nullity of the contract as a whole.

7.4 PERSONAL CONSEQUENCES

Employees who participate or even initiate breaches of antitrust law need to anticipate consequences under employment and/or civil law. Reproachable, willful misconduct shall be punished in accordance with the applicable provisions of the Labor Law.

7.5 SANCTIONS UNDER CRIMINAL LAW

Some breaches of antitrust law may be subject to sanctions under criminal law. In Croatia this applies to what is known as tendering fraud, i.e., a secret arrangement between individual bidders regarding placing a bid in a tendering process, which aims for the customer to accept a certain offer. In such a case an act of general criminal fraud may also have been committed. Both cases may result in imprisonment.

7.6 UNANNOUNCED SEARCHES

The antitrust authorities have very extensive procedural powers to uncover breaches of antitrust law. In the event of a justified suspicion an antitrust authority may, on the basis of an order issued by the High Administrative Court of the Republic of Croatia, carry out an unannounced search of business premises, land and means of transport, documents, documents and things found there, as well as sealing and temporarily confiscating the objects of the search. entrepreneurs who are under suspicion and also search the homes of individual employees, if necessary, and secure evidence.

A zero-tolerance rule applies at the Company for violation of antitrust law regulations. Deliberate and reproachable misconduct that results in a breach of antitrust law will not be tolerated.

8 GENERAL RULES OF CONDUCT

8.1 CONDUCT IN THE EVENT OF PROCEDURES BY THE ANTITRUST AUTHORITIES

Antitrust authorities may lead proceedings to uncover breaches of antitrust law. As stated in the previous chapter, the authority of the European and national antitrust authorities includes the right to enter business premises and homes, to examine books and entrepreneur documents, to make or obtain copies or extracts of any kind of these books and entrepreneur documents, to seal entrepreneur rooms and documents, and to ask questions.

The entrepreneurs who are included in the procedure are subject to a duty to cooperate and tolerate and non-compliance with this can be severely punished with fines. In such a case you must cooperate and immediately contact the organizational unit responsible for regulatory and public affairs on arrival of the officials in an unannounced search. In this case, ask the officials to wait for the representatives of the organizational unit responsible for regulatory and public affairs and try to create an atmosphere of cooperation.

Note:

Only confidential correspondence between the company and an external lawyer is exempt from review under certain circumstances ("legal privilege"). According to decisions by the Court of Justice of the European Union, communication with employed in-house lawyers is not covered by this legal privilege.

8.2 CONDUCT IN THE EVENT OF INDICATIONS OF BREACHES OF ANTITRUST LAW

If you acquire knowledge of a breach of antitrust law, notify your supervisor and the organizational unit responsible for regulatory and public affairs immediately and use the other internal reporting channels, such as the Tell-Me! portal, as required. Immediate notification is important so that the opportunities to use the leniency policy can be assessed. Namely, by making the requisite application to the antitrust authorities, an otherwise impending fine may be waived or reduced.

Note:

The leniency policy can only be taken advantage of, and a possible reduction of the fine achieved, if action is taken immediately!

8.3 CONDUCT IN THE EVENT OF INCONCLUSIVE LEGAL ASSESSMENT

When it is not clear whether an agreement or act complies with antitrust law in an individual case, you must immediately consult the organizational unit responsible for regulatory and public affairs.

9 REVIEW OF THIS POLICY

The provisions of this Policy will be examined by the organizational unit responsible for regulatory and public affairs to ascertain whether they require amendment or alteration within no more than three years and adapted as necessary.