



## INVITATION TO THE GENERAL ASSEMBLY OF CROATIAN TELECOM INC.

Pursuant to the provisions of Article 277, Paragraph 2 of the Companies Act, the Management Board of the Joint Stock Company Croatian Telecom, with the registered seat in Zagreb, Radnička cesta 21 (hereinafter: HT Inc. or "the Company"), passed on 15 March 2022 the decision on the convocation of the General Assembly of the Company and hereby invites the shareholders of the Company to the

### GENERAL ASSEMBLY of Croatian Telecom Inc.

to be held in the Company headquarters in Zagreb, Radnička cesta 21, on 25 April 2022 at 10:00 hours

#### with the following agenda:

1. Election of the Chairman of the General Assembly;
2. Annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2021, including the Annual Report on the Status and Business Operations of the Company and HT Group for the business year 2021 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2021;
3. Decision on the utilization of profit;
4. Decision on approval of actions of the Members of the Management Board of the Company for the business year 2021;
5. Decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2021;
6. Decision on approval of the Report on remuneration to the Members of the Supervisory Board and to the Management Board Members in the business year 2021;
7. Decision on election of Members of the Supervisory Board;
8. Decision on appointment of the auditor of the Company

#### Proposals of decisions of the General Assembly:

##### Ad 1) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

*"Professor Hrvoje Markovinović, Ph.D., Faculty of Law, University of Zagreb, is elected as Chairman of the General Assembly of Croatian Telecom Inc. for this convocation".*

##### Ad 3) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

#### ***"Decision on utilization of profit for the year 2021"***

1. *It is determined that Hrvatski Telekom d.d. in the business year ending with 31 December 2021 realized net profit in the amount of HRK 666,130,174.38.*

*Net profit amount stated herein shall be used accordingly:*

- *A part of net profit in the amount of HRK 637,768,168.00 shall be paid out as dividend to shareholders, in the amount of HRK 8.00 per share.*
  - *A part of net profit in the amount of HRK 28,362,006.38 shall be allocated to retained earnings.*
2. *Dividend referred to under Item 1 hereof shall be paid out to all shareholders that are registered as shareholders at the Central Depository & Clearing Company (SKDD) on May 5<sup>th</sup>, 2022 (record date). Date on which security of Hrvatski Telekom d.d. will be traded without dividend payment right is May 4<sup>th</sup>, 2022 (ex date). Dividend payment claim matures on May 16<sup>th</sup>, 2022 (payment date).*
  3. *This Decision shall enter into effect as at the day of its passing".*

##### Ad 4) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

*"The approval of actions is given to the Members of the Management Board of the Company for the business year 2021".*

**Ad 5)** The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

*"The approval of actions is given to the Members of the Supervisory Board of the Company for the business year 2021".*

**Ad 6)** The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

1. *"The Report on remuneration paid to the members of the Supervisory Board and to the Management Board Members in the business year 2021 is hereby approved, in the text published as Attachment 1 of the Invitation to the General Assembly, together with the Auditors' Report, as attached hereto and making an integral part hereof.*
2. *This Decision shall come into force as of the day of its passing".*

**Ad 7)** The Supervisory Board of the Company proposes to the General Assembly to pass the following decision:

*"Mr. Jonathan Abrahamson, B.A. of Economics, residing in Wachtberg, Republic of Germany, is elected Member of the Supervisory Board of Croatian Telecom Inc. for the period of four (4) years".*

*"Mrs. Dolly Predovic, Ph.D. in Higher Education Internationalization, residing in Milano, Republic of Italy, is elected Member of the Supervisory Board of Croatian Telecom Inc. for another term of office for the period of four (4) years, after the expiry of her current term of office, i.e., as of 28 April 2022".*

**Ad 8)** The Supervisory Board of the Company proposes to the General Assembly to pass the following decision:

*"The company Ernst & Young d.o.o., Radnička cesta 50, 10000 Zagreb, is appointed as the auditor of the Company for the business year 2022".*

#### **Explanation of proposals of General Assembly decisions:**

##### **Ad 1) Explanation of the proposal for election of the Chairman of the General Assembly**

Professor Markovinović, Ph.D., is one of the leading corporate law experts in the Republic of Croatia. He is a professor at the Faculty of Law, University of Zagreb, where he lectures commercial law and company law at undergraduate, Master and PhD levels. Professor Markovinović, Ph.D., has published many scientific papers from the fields of commercial and company law. He was elected as Chairman of the General Assembly of the Company in the years 2020 and 2021, which were held without disturbances, efficiently and in accordance with the legal provisions. It is therefore proposed that he is elected as Chairman of the Assembly for this convocation.

##### **Ad 2) Annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2021, including the Annual Report on the Status and Business Operations of the Company and HT Group for the business year 2021 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2021**

Pursuant to the obligation from Article 280a, paragraph 1, item 2 of the Companies Act, HT Inc. informs its shareholders that, pursuant to Article 300d of the Companies Act and pursuant to Article 31 of the Articles of Association of the Company, the annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2021 are adopted both by the Management Board and the Supervisory Board, and, therefore, the General Assembly does not pass a decision thereon. The said audited financial statements, together with the Auditors' Report, are to be forwarded to the General Assembly together with the Annual Report of the Management Board on the Status and Business Operations of the Company and HT Group for the business year 2021 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2021.

The General Assembly does not pass any decisions under this agenda item.

The Company continued to acquire and withdraw Company shares during the year 2021. Company shares were acquired within the Company Share Buyback Programme which was implemented based on General Assembly Decisions, which authorized the Management Board to acquire Company shares and to withdraw them without the share capital of the Company being decreased, in which case the remaining shares' participation in the share capital is increased, and to align the Articles of Association accordingly.

During 2021, the Company acquired 532,281 Company shares at the Zagreb Stock Exchange, representing 0.66% of the Company's issued share capital, of which 205,443 shares were acquired pursuant to the General Assembly Decision from 2016, and 326,838 shares pursuant to the General Assembly Decision from 2021. For this acquisition of Company shares in 2021, the Company paid out an equivalent value of HRK 99,664,298.92 and necessary reserves were formed.

In July 2021 the Company withdrew 718,720 acquired Company shares without nominal value. Thereby the total number of shares has decreased from 80,766,229 shares to 80,047,509 shares without nominal value, while the remaining shares' participation in the share capital is being increased. The information on the number of shares was aligned in the Articles of Association of the Company.

The total number of Company shares held on December 31<sup>st</sup>, 2021 amounted to 326,838, in book value of HRK 61.401.844,15, representing 0.41% of the Company's issued share capital.

### **Ad 3) Explanation of the proposal of decision on the utilization of profit**

The Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which a part of the net profit will be distributed to shareholders as dividend payment, in the amount of HRK 637,768,168.00, or HRK 8.00 per share, and the remainder of net profit in the amount of HRK 28,362,006.38 is to be allocated to retained earnings.

The proposed dividend is within the range declared as a dividend policy and is equivalent to 95.81% pay-out of the distributable profits earned in the year 2021.

HT Inc. announces target dividend for each year at the beginning of the year. Management Board currently expects a minimum dividend of HRK 6 per share for the year 2022. The Management Board will monitor the movements of parameters that could influence on dividend amount and decide on the proposed amount.

### **Ad 4) Explanation of the proposal of decision on approval of actions of the Members of the Management Board of the Company for the business year 2021**

Pursuant to Article 280, paragraph 3 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which approval of actions is given to the Members of the Management Board of the Company for the business year 2021. It is hereby proposed that the Assembly approved the manner of the work of the Management Board for the business year 2021.

Voting on the approval of actions may be conducted separately for each member of the Management Board if the Assembly decides so, or upon the request of the shareholders holding at least a tenth part of the share capital of the Company.

### **Ad 5) Explanation of the proposal of decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2021**

Pursuant to Article 280, paragraph 3 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which approval of actions is given to the Members of the Supervisory Board of the Company for the business year 2021. It is hereby proposed that the Assembly approved the manner of the work of the Supervisory Board for the business year 2021.

Voting on the approval of actions may be conducted separately for each member of the Supervisory Board if the Assembly decides so, or upon the request of the shareholders holding at least a tenth part of the share capital of the Company.

### **Ad 6) Explanation of the proposal of decision on approval of the Report on remuneration to the Members of the Supervisory Board and to the Management Board Members in the business year 2021**

In line with new Article 272.r of the Companies Act, the Management Board and the Supervisory Board compiled the Report on remuneration paid to the members of the Supervisory Board and Management Board members in the previous business year and referred it to the Auditor for review, in line with the Law.

The Auditor who performed the audit of the Annual Financial statements, the company Ernst & Young d.o.o., reviewed the Report and issued their opinion on compliance of the Report with the prerequisites stated in Article 272.r, paragraphs 1 and 2 of the Companies Act. The Report, together with the Auditors' Report, has been published as Attachment 1 of the Invitation to this General Assembly.

It is proposed to approve the Report since the Company considers the remuneration of the Management Board and Supervisory Board Members to be appropriate to the engagement and work they are performing and to the status and business affairs of the Company.

### **Ad 7) Explanation of the proposal for election of Members of the Supervisory Board**

The term of office of the Member of the Supervisory Board, Mr. Tino Puch, expires as at 24 April 2022 and the term of office of the Member of the Supervisory Board Mrs. Dolly Predovic expires as at 28 April 2022. Mr. Puch shall no longer continue his tenure in HT SB, and pursuant to Article 280, paragraph 3 of the Companies Act, the Supervisory Board proposes to the General Assembly the election of Mr. Jonathan Abrahamson as the new Member of the Supervisory Board and the re-election of Mrs. Dolly Predovic as Member of the Supervisory Board.

Mr. Abrahamson is a manager with significant experience in complex international organizations in the areas of online business management, digital product development, sales, product marketing and operations disciplines. Mrs. Predovic holds a Ph.D. in Higher Education Internationalization with many years of business and academic experience in the area of Corporate Finance. Given her high-level expert competencies and experience and due to her past engaged work in the Supervisory Board and its committees, her re-election is proposed.

Mr. Abrahamson is a Member of the Board of Directors of Deutsche Telekom Digital Labs Private Limited, Haryana, India.

Mrs. Predovic is member of the Supervisory Board of Podravska Banka Inc., Koprivnica, Republic of Croatia.

### **Ad 8) Explanation of the proposal for appointment of the auditor of the Company**

Pursuant to Article 280, paragraph 3 of the Companies Act, the Supervisory Board proposes to the General Assembly to pass the decision by which the company Ernst & Young d.o.o., Radnička cesta 50, 10 000 Zagreb, is appointed as the auditor of the Company for the business year 2022.

**INVITATION AND INSTRUCTIONS FOR SHAREHOLDERS  
CONCERNING THEIR PARTICIPATION IN THE GENERAL ASSEMBLY**  
(hereinafter – Instructions)

**Total number of shares and voting rights**

1. The share capital of the Company is divided into 80,047,509 shares without nominal value. All the shares of the first issue are ordinary and registered shares. Each share gives right to one vote. Since the Share Buyback Programme is ongoing, the number of voting rights shall be determined on the day of the holding of the General Assembly, given that the rights from Company (treasury) shares are dormant. HT Inc. holds 1,249,193 Company (treasury) shares on the day of the convocation of the General Assembly.
2. HT's shares exist only in a form of non-materialized securities in the computer system of the Central Depository Agency. The Company accepts as a shareholder only such person who has HT's share registered on its securities' account at the Central Depository Agency.

**Share symbols**

Share ISIN:	HRHT00RA0005
Trading symbol at Zagreb Stock Exchange:	HT
Trading symbol at Central Depository and Clearing Company	HT-R-A
Reuters:	HT.ZA
Bloomberg:	HT CZ

**Invitation, time and venue of the General Assembly**

1. The shareholders of HT Inc. are invited to participate in the work of the General Assembly to be held in the Company headquarters in Zagreb, Radnička cesta 21, on 25 April 2022 at 10:00 hours.
2. The participants are invited to come to the General Assembly on 25 April 2022 at least one hour prior to its scheduled beginning for the purpose of timely registration of participants and in order for the Committee for Participant Registration to make a list of participants in the work of the General Assembly. When registering, the shareholders or their proxies or representatives have to submit to the Committee a valid identification document provided under law, while the proxies who are legal persons have to submit an excerpt from the court register or other appropriate register in which the legal person concerned is entered or other appropriate public document, if such a document was not submitted with the application for participation in the General Assembly. After they have registered, the participants may leave the General Assembly only after informing the Committee for Participant Registration until the conclusion of the General Assembly.

**Participation and voting at the General Assembly**

3. Each shareholder of the Company who has submitted to the Company, either personally or through their proxy or representative, an application for participation in written form and at the latest six days prior to the holding of the General Assembly, taking into account that the day the application reaches the Company is not included into that deadline, i.e. latest by 18 April 2022, has the right to participate in the General Assembly. A legal or natural person who is registered as Company shareholder with the Central Depository & Clearing Company Inc., Zagreb, on the last day for application for participation in the General Assembly, i.e. on 18 April 2022, is considered a Company shareholder entitled to participate in the General Assembly.

4. The application shall have the following contents and attachments:

I. Application for shareholder – natural person

- Name and family name, residence, address, number of account opened with the Central Depository & Clearing Company Inc. and the total number of shares of the shareholder concerned

II. Application for shareholder – legal person

- Company name of the legal person, seat and address, personal identification number (OIB)
- Number of account opened with the Central Depository & Clearing Company Inc. and the total number of shares of the shareholder concerned
- An excerpt from the court register or from other register in which the legal person is entered or a copy of such document, a certified copy or other appropriate public document clearly showing that the application was signed by a person who is under law authorized to represent the legal person concerned shall be attached to the application

III. Application submitted by shareholder's proxy

a) Proxy – natural person:

- Name and family name, residence and address of the proxy

- List of shareholders the proxy is representing; for each shareholder – number of their account with the Central Depository & Clearing Company Inc. and the total number of shares of all represented shareholders
- All individual powers of authority on the recommended form shall be attached to the application

b) Proxy – legal person:

- Company name, seat and address and proxy's company personal identification number (OIB)
- List of shareholders the proxy is representing; for each shareholder – number of their account with the Central Depository & Clearing Company Inc. and the total number of shares of all represented shareholders
- Individual powers of authority given by shareholders in written form shall be attached to the application; if a shareholder is a legal person, the attachment shall contain an excerpt from the court register or other register in which the legal person is entered or a copy of such document, a certified copy or other public document clearly showing that the power of authority was signed by a person who is under law authorized to represent the legal person concerned.

- For minors and legally incapable or partially capable natural persons application shall be submitted by their statutory representative, who represents them and an original document or a copy or certified copy thereof proving the status of statutory representative shall be enclosed to the application.
- The shareholders at the General Assembly may be represented by proxies on the basis of a valid written power of authority which is issued by the shareholder or which on behalf of a shareholder which is a legal person is issued by a person who is under law authorized to represent them.
- The Company shall report the Invitation to the General Assembly, at the latest 21 days prior to holding of the General Assembly, to credit or financial institutions and to shareholder associations that voted on behalf of shareholders at the previous General Assembly, or if they asked for the Invitation to be reported to them. This report shall state the possibility for shareholders to vote at the General Assembly by proxies and by shareholder associations on their behalf.
- The power of authority for the application for participation and/or voting at the General Assembly shall include name and family name or company, residence or seat and address of the giver of authority, number of account with the Central Depository & Clearing Company Inc., the total number of shares, name and family name or company, residence or seat and address of the proxy, signature of the giver of authority or statutory representative or representative under law, if the giver of authority is a legal person. It is recommended to use forms for the application for participation in the General Assembly and for the power of authority, which can be obtained at the seat of the Company and on the web site of the Company [www.t.ht.hr](http://www.t.ht.hr).
- The application for participation in the General Assembly and the power of authority, as well as any other attachment, shall be in the Croatian language; if they are in a foreign language, they shall be translated into Croatian by an authorized court interpreter.
- The application for participation in the General Assembly shall be submitted directly to the Company at its seat in Zagreb, Radnička cesta 21, or sent to the Company by registered mail to the address: Croatian Telecom Inc, Radnička cesta 21, 10 000 Zagreb.
- The application for participation in the General Assembly shall be considered timely submitted if it is, in accordance with these Instructions, submitted or sent by mail to the Company by 24:00 hours on 18 April 2022, at the latest. The shareholders who have failed to apply for participation in the General Assembly correctly and in accordance with these Instructions or who have failed to attach to the application the documents provided under these Instructions shall not be entitled to participate in the General Assembly.
- Pursuant to the Articles of Association of the Company, the General Assembly cannot pass valid decisions unless attended by the shareholders, in person or via proxy, representing more than half (50%) of the share capital of the Company (quorum). If the quorum will not be met, the General Assembly will be held on the same day with commencement at 18:00 hours, at the same venue, with the same agenda and will be able to pass valid decision notwithstanding to the amount of the capital represented. Given powers of authority are valid for this General Assembly as well.

**Shareholder rights to ask questions, request amendments to the agenda, submit counterproposals and the right on information**

- The shareholders who intend to ask questions at the General Assembly regarding individual agenda items are hereby asked, for the purpose of an efficacious organization of the work of the General Assembly, to announce their intention in writing when submitting their application for participation in the General Assembly or during the registration of participants prior to the General Assembly at the latest and to indicate the agenda item which their question or proposal will refer to and the content of their question.
- Shareholders who together hold a twentieth part of the share capital of the Company have the right to request, after the General Assembly is convened, that an additional item is included in the agenda and published, and while doing so, the new agenda item should be accompanied by an explanation or respective decision proposal. Shareholders deliver the requests to add new items to the agenda to the seat of the Company (Croatian Telecom Inc., Radnička cesta 21, 10 000 Zagreb). In order for the amended agenda to be validly published according to the Companies Act, the request to add new items to the agenda has to be received by the Company at least 30 days prior to the day the General Assembly takes place, i.e., latest by 25 March 2022. This deadline does not include the day the request

is received by the Company. In case the previously stated deadline is not observed the proposed additional items of the agenda would be considered as not validly published and no decision on them can be made at the General Assembly.

15. Shareholders have the right to submit counterproposals to the proposals submitted by the Management Board and/or Supervisory Board relating to the particular agenda item. Counterproposals, together with the names and surnames of shareholders, explanation and opinion by the Management Board if any, shall be reported to credit or financial institutions and to shareholder associations that voted on behalf of shareholders at the previous General Assembly and made available to shareholders on web pages of the Company ([www.t.ht.hr](http://www.t.ht.hr)), in case a shareholder submits his/her counterproposal to the seat of the Company (Croatian Telecom Inc., Radnička cesta 21, 10 000 Zagreb), at least 14 days prior to the day the General Assembly takes place. The date counterproposal is received by the Company is not included in this 14-day deadline, which expires accordingly on 10 April 2022. In case the shareholder does not exercise this right, he shall still be entitled to make counterproposals at the General Assembly. The same applies to shareholders proposals regarding the election of the Supervisory Board Members or appointment of the auditor of the Company.
16. At the General Assembly, the Management Board is obliged to provide information about the Company operations to any shareholder at his/her request, in case this information is necessary to judge topics included on the agenda.
17. The materials for the General Assembly, when required so under the law, will be made available to the shareholders and for issuing of copies at the seat of the Company in Zagreb on every working day from the day on which the invitation to the General Assembly is published to the day of the General Assembly, from 10:00 to 14:00 hours. At the same date the materials for the General Assembly shall be published on web pages of the Company ([www.t.ht.hr](http://www.t.ht.hr)). Shareholders are kindly asked to announce their arrival to the seat of the Company a day in advance by sending an e-mail to Investor Relations e-mail address ([ir@t.ht.hr](mailto:ir@t.ht.hr)) or by calling one of the telephone numbers listed as contacts below.

In Zagreb, 15 March 2022

Croatian Telecom Inc.

**Contact:**

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## Independent limited assurance report on Remuneration Report for the year 2021

To the Management board and Supervisory board of Hrvatski Telekom d.d.

We have been engaged by the Management board of Hrvatski Telekom d.d. ("the Company"), in order to perform, on the basis of the provisions of Article 272r, paragraph 3 of the Companies Act, an engagement expressing a limited assurance on the attached Remuneration Report for the year ended 31 December 2021 ("Remuneration Report") prepared by the Company's Management board and Supervisory board.

Our task, based on the procedures performed and the evidence gathered, is to express a conclusion in the form of an independent report expressing a limited assurance on the examination of the Remuneration Report.

### *Underlying Subject Matter and Applicable Criteria*

The limited assurance engagement relates to the following subject matter on which the following applicable criteria are applied:

- Remuneration Report prepared by the Company for the year ended 31 December 2021 contains data in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

The applicable reporting criteria for identifying the individuals to be included in the Remuneration Report and the disclosure requirements of their remuneration are contained in the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act.

### *Management board and Supervisory board Responsibilities*

The Company's Management board and Supervisory board are responsible for:

- preparing the Remuneration Report for the year 2021 in accordance with the disclosure requirements of Article 272r, paragraphs 1 and 2 of the Companies Act,
- identifying the individuals to be included in the Remuneration Report in accordance with Article 272r, paragraph 1 of the Companies Act,
- selecting and applying appropriate remuneration policies as well as making judgments and estimates that are reasonable in relation to the data disclosed in the Remuneration Report,
- measurement of remunerations for the year ended 31 December 2021 in accordance with the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act, and
- publishing the Remuneration Report on the Company's website in accordance with the provisions of Article 272r, paragraph 4 of the Companies Act.

The Company's Management board and Supervisory board are responsible for the design, implementation and maintenance of the internal control system which reasonably ensures that the previously described data do not contain material errors, whether due to fraud or error. In addition, the Company's Management board and Supervisory board are responsible for ensuring that the documentation provided to us is complete and accurate.

### ***Our Responsibilities***

We conducted our assurance engagement in accordance with the requirements of Article 272r, paragraph 3 of the Companies Act, and in accordance with International Standards for Assurance Engagements (ISAE) 3000 (revised) - Engagements to perform assurance engagements other than audits or reviews of historical financial information. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to form a conclusion based on the evidence gathered as to whether the report contains the information required in accordance with the relevant legal requirements.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The nature and extent of our procedures were determined based on our risk assessment and our professional judgment in order to obtain limited assurance.

In respect of the subject matter, we have performed the following procedures:

- inquired members of the Management board and Supervisory board and other persons within the Company, to gain understanding of remuneration policies and the process applied in preparing the Remuneration Report;
- received from the Company a list of all members of the Company's Management board and Supervisory board during 2021 and checked whether their remunerations are disclosed in the Remuneration Report;
- reconciled the remuneration data presented in the Remuneration Report with the Company's accounting records (general ledger and subledgers) for the year ended 31 December 2021;
- reviewed, on a sample basis, the relevant documentation of the Company (contracts and payments) related to the remuneration data presented in the Remuneration Report; and
- checked whether the Remuneration Report contains all the data required by the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion.

### ***Limited assurance conclusion***

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Remuneration Report for the year ended 2021 prepared by Hrvatski Telekom d.d. does not contain data, in all material respects, in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.



***Restrictions on the use of our Report***

Our report is intended solely for the Company's Management board and Supervisory board for the purpose of reporting on the Remuneration Report prepared by the Company for the year ended 31 December 2021 in accordance with Article 272r of the Companies Act. Our report is not, nor does it represent, a legal opinion on compliance with Article 272r of the Companies Act.

In the case of additional information or data provided to us, or in the case of misleading oral or written statements or explanations, our findings, interpretations or conclusions in our independent limited assurance report may be incomplete or may result in the need for additional procedures not included in the scope of this engagement.

To the fullest extent permitted by law, we do not accept responsibility and do not agree to any obligations to any party other than the Company's Management board and Supervisory board, in connection with our work or this independent limited assurance report or the conclusions we have reached.



Berislav Horvat  
President of the Board and certified auditor

Ernst & Young d.o.o.  
Radnička cesta 50  
10000 Zagreb, Republic of Croatia  
8 March 2022

Attachment: Remuneration report for 2021.

Pursuant to Article 272r of the Companies Act and pursuant to Code of Corporate Governance of the Zagreb Stock Exchange Inc. and Croatian Financial Services Supervisory Agency (HANFA), the Supervisory Board and Management Board of Croatian Telecom Inc., Zagreb, Radnička cesta 21, (hereinafter referred to as "HT" or "the Company"), submit to the General Assembly this

## REPORT on remuneration to the members of the Supervisory Board and Management Board in the business year 2021

The remuneration and evaluation of the work performed by the Management Board of HT, focusing on the Company's sustainable development and growth, have been conducted in accordance with the Global Compensation Guideline for Executives adopted by Supervisory Board on 27 February 2018 and approved in the Remuneration Policy for Members of the Management Board adopted by the General Assembly as of 20 July 2020., and its amendments at the General Assembly held in 2021.

The remuneration of the Supervisory Board Members has been determined in accordance with the decision of the General Assembly as of 16 June 2000, with amendments as of 21 April 2009 and the Decision on remuneration of members of the Supervisory Board as of 20 July 2020.

The Remuneration Policy for Members of the Management Board and the Decision on remuneration of members of the Supervisory Board are published on the Company's website.

### REMUNERATION OF THE SUPERVISORY BOARD

The Supervisory Board consists of nine members, eight members are elected by the General Assembly and one is appointed by the Workers' Council as a representative of the Company's employees. Out of eight members elected by the General Assembly, five members represent Deutsche Telekom AG and two members are independent and they are Ms. Dolly Predovic and professor Gordan Gledec, Ph.D.

Supervisory Board members serving according to the function they hold in the membership of the Supervisory Board and the tasks they perform within the Board or committees of the Supervisory Board during 2020:

Jonathan Richard Talbot	Chairman	From 25 April 2017 (member of the Compensation and Nomination Committee and the Related Parties Transactions Committee)
Ivica Mišetić, Ph. D.	Deputy Chairman	Deputy Chairman from 8 May 2008; Member from 21 April 2008 until 24 April 2020 (member of the Audit Committee until 24 April 2020); Member from 20 July 2020 (member of the Compensation and Nomination Committee)
Vesna Mamić	Member, workers' representative	From 1 January 2016
Dolly Predovic	Member	From 29 April 2014 (member of the Compensation and Nomination Committee until 20 July 2020; member of the Audit Committee and the Related Parties Transactions Committee from 20 July 2020)
Marc Stehle	Member	From 16 December 2015 (President of the Audit Committee)

Eirini Nikolaidi	Member	From 25 April 2016 until 24 April 2020; From 20 July 2020 (member of the Audit Committee)
Eva Somorjai-Tamassy	Member	From 25 April 2017 (member of the Compensation and Nomination Committee)
Tino Puch	Member	From 24 April 2018
Davor Majetić	Member	Until 14 May 2020 (member of the Related Parties Transactions Committee until 14 May 2020)
Gordan Gledec Ph.D.	Member	From 20 July 2020 (member of the Related Parties Transactions Committee)

Members of the Supervisory Board are entitled to a monthly remuneration for their work during their entire term of office. The remuneration of members of the Supervisory Board is determined according to the function they hold in the membership of the Supervisory Board and the tasks they perform within the Board or committees of the Supervisory Board, and in relation to the average net salary of employees paid in the previous month.

The remuneration to the Supervisory Board members does not include a variable part, therefore it is not influenced by the Company's operating results in a given past or future period.

#### The remuneration of individual Supervisory Board members paid in 2021 is as follows:

##### The period of 2021 in which the remuneration was paid

			From	To	Gross 1 (in HRK)
<b>Vesna</b>	<b>Mamić</b>	Member	1 January	31 December	154,070
<b>Dolly</b>	<b>Predovic</b>	Member	1 January	31 December	220,706
<b>Ivica</b>	<b>Mišetić</b>	Deputy Chairman	1 January	31 December	231,106
<b>Gordan</b>	<b>Gledec</b>	Member	1 January	31 December	154,070
<b>Total</b>					<b>759,953</b>

DT AG representatives do not receive any remuneration for their membership in the Supervisory Board due to a respective policy of Deutsche Telekom AG.

The Company deems the remuneration paid as appropriate for engagement in the tasks they perform in the Supervisory Board and the committees thereof, as well as that the remuneration paid corresponds to the status and business operations of the Company.

The Company has not granted any advances or loans to the current or former Supervisory Board members, nor were there any other financial obligations to the benefit of this group of people entered into.

The Company and its affiliates have not given any gifts or benefits of significant value to the members of the Supervisory Board.

## REMUNERATION OF THE MANAGEMENT BOARD

The Management Board consists of five to seven members, and in line with the relevant Supervisory Board Decision on the division of competence among Management Board Members, the current composition of the Management Board includes five positions.

Management Board members serving during 2021:

Konstantinos Nempis	President of the Management Board (CEO)
Nataša Rapaić	Member of the Management Board and COOR
Ivan Bartulović	Member of the Management Board and CHRO
Daniel Darius Denis Daub	Member of the Management Board and CFO
Boris Drilo	Member of the Management Board and CTIO

The Management Board members' remuneration consists of a fixed annual remuneration and a performance-related variable component (Short-Term Incentive), as well as other fringe benefits, non-cash benefits and remuneration in kind, Spot bonus, Long-Term Incentive and Share Matching Plan, Company's Shares Award plan (PDD), which can be awarded on top of the annual target salary.

Annual target salary, performance-related variable components and other remuneration elements and other non-cash benefits and services are determined by an individual contract of each MB Member, subject to the approval by the Supervisory Board, based on the proposal of the Compensation and Nomination Committee.

The total fixed and variable remuneration paid to Management Board members in 2021 is shown in detail in the following table:

Gross 1 (in HRK)

Management Board member	Fix remuneration	%	Short-Term Incentive (STI)	%	Total	%
Konstantinos Nempis	2,258,890	62%	1,365,433	38%	3,624,323	100%
Nataša Rapaić	1,713,383	70%	740,649	30%	2,454,032	100%
Ivan Bartulović	1,080,325	72%	419,871	28%	1,500,196	100%
Daniel Darius Denis Daub	1,229,918	72%	469,333	28%	1,699,251	100%
Boris Drilo	1,370,715	72%	532,519	28%	1,903,234	100%

Remuneration (fixed or variable) is paid in pro-rated amount in accordance with the term of appointment.

**Short-Term Incentive (STI)** rewards the achievement of collective targets over an annual period. Collective target achievement is split between financial and non-financial targets and for the year 2020 were set, as follows:

- 1) Financial Targets (50% of total target set)
  - Revenue HT Group (weight: 40%)
  - EBITDA HT Group (weight: 40%)
  - FCF HT Group (weight: 20%)
- 2) Strategic Targets (50% of total target set)
  - External indirect costs after adjusted leases (weight: 33%)
  - User experience, improvement of TRIM index (weight: 33%)
  - Digitization and convergence (weight: 33%)
    - Digitization, share of channels in extension and migrations to APP (weight: 17%)
    - Convergence, B2C FMC + BCB FMCC (including total ICT) revenues (weight: 17%)

The Supervisory Board, after the evaluation had been performed, passed the decision on the target achievements of the collective targets set for 2020, which amounts to 112,7% and according to which the payment of STI was made in 2021.

During 2021 the following accruals were made for the Short-Term Incentive (STI) for 2021:

Gross 1 (in HRK)

Management Board member	Accruals for the Short-Term Incentive (STI) for 2021.
Konstantinos Nempis	1,500,000
Nataša Rapaić	731,250
Ivan Bartulović	461,250
Daniel Darius Denis Daub	534,617
Boris Drilo	585,000

A Spot bonus, as additional reward to acknowledge extraordinary individual performance, is paid out to the member of the Management Board Nataša Rapaić as a one-time payment in the amount of HRK 75,000.

**Long-Term Incentive (LTI) 2017** is a cash-based four-year program that covered the period from 1 January 2017 to 31 December 2020, and it was linked to the performance of four indicators of the Deutsche Telekom Group: ROCE (Return on Capital Employed), Adjusted EPS (Earnings per Share), Customer satisfaction and Employee satisfaction.

LTI 2017 ended on 31 December 2020, and the Supervisory Board determined the final target achievement of 117,2%.

Long-Term Incentive (LTI) 2017 paid to eligible Management Board members in 2021 is shown in the following table:

Gross 1 (in HRK)

Management Board member	Long-Term Incentive (LTI) 2017
Konstantinos Nempis	465,448
Nataša Rapać	771,373
Daniel Darius Denis Daub	415,127
Saša Kramar*	418,770
Davor Tomašković*	927,785

*\*Davor Tomašković, President of the Management Board and CEO until 1 April 2019, was paid a pro-rated amount of LTI 2016 that corresponds to the period of duration of his participation in LTI 2016 in accordance with the Agreement on termination of the contract on rights and obligations of the President of the Management Board.*

*\*Saša Kramar, Member of the Management Board and COO Business until 1 January 2020, was paid a pro-rated amount of LTI 2017 that corresponds to the period of duration of his participation in LTI 2017 in accordance with the Agreement on termination of the contract on rights and obligations of the Member of the Management Board*

During 2021 the following accruals were made for the Long-Term Incentive (LTI):

Gross 1 (in HRK)

Management Board member	Accruals for the Long-Term Incentive (LTI) 2018/2019/2020/2021
Konstantinos Nempis	1,981,893
Nataša Rapać	1,049,923
Ivan Bartulović	335,541
Daniel Darius Denis Daub	883,788
Boris Drilo	800,613
Saša Kramar	126,987
Davor Tomašković	174,899

**Fringe benefits** (company car usage, accommodation cost, education/trainings, pension fund, scholarship for children) paid to Management Board members in 2020 are shown in the following table:

Gross 1 (in HRK)

Management Board member	Fringe benefits
Konstantinos Nempis	1,181,374
Nataša Rapać	58,261

Ivan Bartulović	38,452
Daniel Darius Denis Daub	561,607
Boris Drilo	44,335

**Share Matching Plan (SMP)** is a long-term remuneration instrument which is mandatory to the Company's President of the Management Board and voluntary for Management Board members. SMP 2017 covered the period from 1 July 2017 to 30 June 2021 and relates to the non-cash benefit arising from the inflow of the matching shares, with the corresponding personal investment in Deutsche Telekom AG shares having been made in 2016. The proportion of the number of additional shares thus granted depends on the individual's management level: CEO: 1:1, other Management Board members: 1:2.

Total number of Deutsche Telekom AG shares granted in 2021 as a part of the Share Matching Plan (SMP) 2017 is shown in the following table:

Management Board member	Share Matching Plan (SMP)	Full entitlement for the entire SMP 2017 duration			The part of the entitlement relating to HT*
		Matching DT AG shares (pieces)	Non-cash benefit per share (in EUR)	Non-cash benefit (in EUR)	Non-cash benefit (in EUR)
Konstantinos Nempis	2017	1,417	17,758	25,163	14,153
Daniel Darius Denis Daub	2017	877	17,842	15,647	14,345

During 2021 accruals were made for the following Share Matching Plans (SMP) 2018, 2019, 2020, 2021: Gross 1 (in HRK)

Management Board member	Accruals for the Share Matching Plan (SMP) 2018/2019/2020/2021
Konstantinos Nempis	427,485
Nataša Rapać	40,297
Daniel Darius Denis Daub	69,442

**Company's Shares Award Plan (PDD)** is a voluntary compensation tool under which a member of the Management Board has the option to choose HT shares instead of a pay-out of certain percentage of Short-Term incentive (STI) achieved for the previous year. PDD participants are entitled to a bonus shares according to the ratio 7 awarded shares : 1 bonus share, and all shares must be retained for an uninterrupted period of one year (lock-up period).

Management Board member	Company's Share Award Plan (PDD)	Full entitlement for the entire PDD 2021 duration				
		Matching HT shares (pieces)	Non-cash benefit per share	Non-cash benefit	Capital income tax (20%)	Supertax
			(in HRK)	(in HRK)	(in HRK)	(in HRK)
Konstantinos Nempis	2021	1,570	190	298,300	78,134	14,064
Nataša Rapačić	2021	766	190	145,540	38,121	6,861
Ivan Bartulović	2021	484	190	91,960	24,087	4,335
Daniel Darius Denis Daub	2021	540	190	102,600	26,874	4,837
Boris Drilo	2021	613	190	116,470	30,507	5,491

**Repeated Performance Incentive (RPI)** is a four-year program that covers the period of 1 January 2018) to 31 December 2021 with the target achievement of a minimum two consecutive years as the decisive factor for the eligibility for a bonus payment. No RPI bonus pay-out was made in 2021.

The following tables show an average remuneration paid to all employees in Gross 1 amount, which includes a fixed and variable part of the salary, other remuneration components, remuneration in kind and other material rights arising from employment status, divided by the average number of employees equivalent to full time employment (FTE). The same methodology is applied to calculate the average remuneration paid to Management Board members and Supervisory Board members.

Average remuneration per employee	2021	2020	2019	2018	2017
Gross 1 (in HRK)					
Annual remuneration	184,139	183,277	175,110	171,102	176,866
<b>Croatian Telecom Inc.</b>	<b>2021</b>	<b>2020.</b>	<b>2019.</b>	<b>2018.</b>	<b>2017</b>
(in HRK)					
Revenue	5,888,385,234	5,663,616,185	5,893,460,026	6,028,401,549	6,073,361,765
Net profit	666,130,178	703,800,152	717,064,453	990,660,719	908,796,891
<b>Average remuneration paid to:</b>	<b>2021</b>	<b>2020</b>	<b>2019*</b>	<b>2018*</b>	<b>2017</b>
Gross 1 (in HRK)					
Supervisory Board members	189,988	179,773	172,957	179,063	179,152
Management Board members*	3,121,715	3,207,930	3,151,345	2,483,903	2,112,158

\* One-off payments (early Termination Payment and other compensation related to termination) have been excluded in 2018 and 2019.

No Management Board member received benefits or corresponding commitments from a third party for his or her activity as Management Board member during the past financial year.





There were no requests to Management Board members to repay to the Company any received remuneration.

The Company has not granted any advances or loans to current or former Management Board members, nor were any other financial obligations to the benefit of this group of people entered into.

No additional remuneration was paid for members who are members of the Supervisory Boards and similar positions/functions in companies in which the Company directly or indirectly holds shares, as well as duties in associations to which the Company belongs pursuant to its scope of activities.

This Report has been submitted pursuant to Article 247a of the Companies Act for the General Assembly to be held in the year 2022.

Zagreb, 8 March 2022

A handwritten signature in blue ink, reading 'Jonathan Talbot'.

Jonathan Richard Talbot,  
Chairman of the Supervisory Board

A handwritten signature in blue ink, reading 'Konstantinos Nempis'.

Konstantinos Nempis,  
President of the Management Board (CEO)



# Jonathan Abrahamson

DIGITAL TRANSFORMATION

University of Sydney, Australia

Bachelor of Economics, 2004

Major in Economics & Marketing

Honour Roll-Golden Key National Honour Society Member

Executive with international experience in online business management, digital product development, sales, product marketing and operations disciplines. Localized experience and professional network across Central/Eastern Europe, India and South-East Asia (Singapore, Indonesia, Australia).

Leadership experience in Digital business, E-commerce, Product Development and Finance/payments businesses, managing small and large teams. Held roles managing both large-scale established businesses, and launching greenfield, first to market start-up businesses.

## EXPERIENCE



### DEUTSCHE TELEKOM, MAY 2021 · CURRENT

#### SENIOR VICE PRESIDENT, PRODUCT AND DIGITAL MEMBER OF BUSINESS LEADERSHIP TEAM (TOP 50)

Responsibility to consolidate Digital and Product Development across European footprint (9 National Companies) and Telekom Deutschland (German operations).

#### DEUTSCHE TELEKOM, OCTOBER 2020 · CURRENT

##### BOARD MEMBER · DEUTSCHE TELEKOM DIGITAL LABS · INDIA

Board member appointment for DT Digital Labs, a wholly owned subsidiary of Deutsche Telekom.



### DEUTSCHE TELEKOM, EUROPE, MAY 2020 · APRIL 2021

#### SENIOR VICE PRESIDENT, PRODUCT AND DIGITAL EUROPE

Role consolidated Telco Products responsibility (Broadband and Television), IT Steering and Engineering along with existing digital (ecomm/self-serve/app & web) responsibilities. End to end accountability for digital, broadband and television product strategy and execution across European footprint.



### DEUTSCHE TELEKOM, EUROPE, JULY 2017 · MAY 2020

#### VICE PRESIDENT, DIGITAL-EUROPE

Responsible for leading digitalization strategy and execution, across DT's European footprint (11 National Companies).



### BHARTI AIRTEL, INDIA JULY 2015 · JULY 2017

#### VICE PRESIDENT / HEAD, ONLINE & VAS

Responsible for leading the growth and transformation of airtel's digital properties across Web, Wap & App, and driving uptake and penetration of digital services within the airtel base.



**SINGTEL TELECOMMUNICATIONS LIMITED, SINGAPORE JULY 2012 · JULY 2015**

**DIRECTOR, PREPAID & mFINANCE MARKETING**

Dual role- Responsible for market-leading Singapore Prepaid Mobile business, in addition to Singtel's mFinance products.

**OPTUS**

**OPTUS TELECOMMUNICATIONS – AUSTRALIA MARCH 2011 · JULY 2012**

**HEAD OF DEVICE BUSINESS UNIT**

Oversight and ownership of Optus' A\$1Bn+ mobile handset/tablet/hardware business. Role encompassed device & vendor strategy, vendor management and procurement, in addition to oversight of S&OP, warehousing & logistics, and in-house after sales service functions.

**OPTUS**

**OPTUS TELECOMMUNICATIONS – AUSTRALIA JUNE 2008 · FEBRUARY 2009**

**MANAGING DIRECTOR, PREPAID SERVICES**

Management of Optus' wholly owned Prepaid distribution subsidiary- Prepaid Services (PPS).

# DOLLY PREDOVIC

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## BUSINESS WORK EXPERIENCE

### American Chamber of Commerce Italy

- President Advocacy Committee on Education *since 2018*

### Hrvatski Telekom (Deutsche Telekom group), Zagreb, HR

*since 2014*

- Supervisory Board Member *since 2014*
- Compensation and Nomination Committee Member *since 2019*
- Audit Committee Member

### Career Paths, Milano, IT

*since 2013*

- Founder and CEO

### Hipotekarna Banka, Podgorica, ME

*2012-2015*

- Board of Directors Member

### Pirelli RE, Milano, IT

*2008*

- Board of Directors Member
- Member of Internal Audit and Corporate Governance Committee

### Podravska Banka, Koprivnica, HR

*since 2000*

- Supervisory Board Member

### Chartered Accountant

*since 1990*

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## ACADEMIC WORK EXPERIENCE

### Universita' Cattolica del Sacro Cuore (UCSC)- Centre for Higher Education Internationalization

*since 2019*

- Research Fellow

### Bocconi University and SDA Bocconi School of Management, Milan, IT

*1989-2010*

- Scientific Director of the Master in Corporate Finance at SDA Bocconi *2007-2010*
- Scientific Director of the Executive Master in Corporate Finance and Banking at SDA Bocconi *2005-2007*
- Director of the International Executive Education project in SDA Bocconi *1997-2002*
- Professor of Corporate Finance and Valuation, MBA, SDA Bocconi *1993-2010*
- Professor of Corporate Finance and Valuation, MSc in Finance, Bocconi University *1993-2010*
- Professor of Corporate Finance and Valuation, Executive MBA, SDA Bocconi *2005-2010*
- Professor of Corporate Finance and Valuation, Master in Corporate Finance, SDA Bocconi *2000-2010*
- Professor of Corporate Finance and Valuation, Master in International Economics and Management, SDA Bocconi *1991-2001*
- Professor of Mergers & Acquisitions, MSc in Finance, Bocconi University *2006-2010*

### IULM University, Milan, IT

*2008-2010*

- Adjunct professor of Brand Valuation Methodologies

### Zagreb School of Economics and Management, Zagreb, HR

*since 2002*

- Member Academic Council

### University of Trieste, Trieste, IT

- Tenured professor of Corporate Finance *1994-1997*
- Adjunct professor of Corporate Finance *1991-1994*

### International Management Institute of Saint Petersburg, San Petersburg, RUS

*1992*

- Professor of Corporate Finance

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## EDUCATION

### UCSC - Universita' Cattolica del Sacro Cuore, Milan IT

- PhD in Higher Education Internationalization

### Bocconi University, Milan, IT

- MSc in Finance
- BSc in Business Administration

### New York University, Stern School of Business, New York, USA

- Visiting scholar

# DOLLY PREDOVIC

Number of meetings attended by Supervisory Board member, Mrs. Dolly Predovic, during her previous term of office

Period	Meeting / Decision making out of session	Attendance	Attendance rate in %
<b>2021</b>	Supervisory Board session	5/5	100%
	Supervisory Board voting out of session	4/4	100%
	Audit Committee session	5/5	100%
	<b>Total</b>	<b>14/14</b>	<b>100%</b>
<b>2020</b>	Supervisory Board session	5/5	100%
	Supervisory Board voting out of session	4/4	100%
	Compensation and Nomination Committee session <sup>1</sup>	3/4	75%
	Audit Committee session <sup>2</sup>	1/2	50%
	<b>Total</b>	<b>13/15</b>	<b>87%</b>
<b>2019</b>	Supervisory Board session	6/6	100%
	Supervisory Board voting out of session	3/3	100%
	Compensation and Nomination Committee session	2/3	67%
	Compensation and Nomination Committee voting out of session	5/5	100%
	<b>Total</b>	<b>16/17</b>	<b>94%</b>
<b>2018</b>	Supervisory Board session	7/7	100%
	Supervisory Board voting out of session	2/2	100%
	Compensation and Nomination Committee session	3/3	100%
	Compensation and Nomination Committee voting out of session	4/4	100%
	<b>Total</b>	<b>16/16</b>	<b>100%</b>

<sup>1</sup> Compensation and Nomination Committee Member until 20 July 2020

<sup>2</sup> Audit Committee Member from 20 July 2020