

SHAREHOLDERS' RIGHTS

According to paragraph 2 of Article 176 of the Companies Act (Official Gazette of the Republic of Slovenia no. 65/2009, hereafter ZGD-1) ordinary shares grant their holders:

- the right to participate in the management of the company,
- the right to a part of the profit (dividend), and
- the right to a corresponding part of the remaining assets after the liquidation or bankruptcy of the company.

In line with indent 2 of paragraph 2 of Article 296 we state below the information in relation to exercising shareholders' rights at the general meeting.

I. Paragraph 1 of Article 298 of ZGD-1 stipulates as follows:

Shareholders holding jointly one twentieth of share capital may, after the convocation of the general meeting, request in writing that an additional item be added to the agenda. Their request should be accompanied by a written proposal of the resolution the general meeting is to decide on, or, if no resolution is adopted by the general meeting on an individual item of the agenda, an explanation of this item is to be provided. It shall be sufficient that the request be submitted at the latest within seven days of the publication of the notice to convene the general meeting. The articles of association may bind this right to a lower portion of share capital.

II. Article 300 of ZGD-1 stipulates as follows:

Shareholders shall have the right to submit written proposals of resolutions to each item of the agenda. Proposals from shareholders shall be published and notified in the way as stipulated in Article 296 of this Act only if within one week of the publication of the notice to convene the general meeting a shareholder sends to the company a reasonably argued counter proposal, giving notification that he will oppose the proposal by the management or supervisory body at the general meeting and that he will prevail upon other shareholders to vote for his counter proposal. A company whose shares are traded on the organised securities market is to offer to its shareholders at least one way of sending proposals referred to in the previous Article by electronic means of communication.

The management shall not have to publish a counter proposal and the justification of it:

- if the publication of the counter proposal would constitute a criminal or other offence;
- if the counter proposal would lead to a resolution by the general meeting that would be in violation of the law or the articles of association;
- if the justification of the counter proposal in points of substance contains clearly incorrect or misleading information or insults;
- if a shareholder's counter proposal containing the same content has already been submitted to the general meeting of the company;
- if during the last five years the same shareholder's counter proposal containing essentially the same justification has already been communicated at at least two

general meetings of the company and less than one twentieth of the share capital represented at the general meeting voted in favour of it;

- if the shareholder makes it known that he will not attend the general meeting and has not made arrangements to be represented; or
- if during the last two years the shareholder has not presented at the general meeting a counter proposal, which he has submitted, or has not had it presented.

The justification for a counter proposal need not be published if it contains more than 3000 characters.

The management may publish the counter proposals and their justification, submitted on the same subject by several shareholders, in summary.

The proposals of the shareholders that have not been sent to the company within the deadline set in the first paragraph hereunder and have been submitted no later than at the general meeting itself, shall be discussed at the general meeting.

III. Article 301 of ZGD-1 stipulates as follows:

The provisions laid down in Article 300 of ZGD-1 shall apply *mutatis mutandis* to a shareholder's proposal for the election of members of the supervisory board, board of directors or the auditors. An electoral proposal shall not require justification.

IV. Article 305 of ZGD-1 stipulates as follows:

At the general meeting the management must give the shareholders reliable information on matters concerning the company if it is important for assessing the agenda. The right to be informed shall also apply in respect of the company's legal and business relations with affiliated companies.

The management shall not be obliged to provide information:

- if reasonable business judgement suggests that the provision of information could cause damage to the company or an affiliated company;
- on the method of compiling the balance sheet and of making estimates, if stating these methods in an Annex is sufficient for assessing the property and the financial and profit position of the company which conforms with the actual circumstances;
- if disclosure of the information would constitute a criminal or other offence or would be in breach of good business practices; or
- if information is published on the company's website in the form of questions and answers at least seven days before the general meeting's session.

If a shareholder is given information outside a session of the general meeting, that information must be passed on to every other shareholder upon request even if it is not necessary for assessing an item on the agenda.

If a shareholder is not given information, he may require that his question and the reason why the information giving was refused be entered in the record.

Krka, d. d., Novo mesto