



# **Rules of Procedure of the Supervisory Board of Sava Reinsurance Company d.d.**

**Ljubljana, November 2011**

Pursuant to Article 23 of the Articles of Association of Sava Reinsurance Company d.d., the Supervisory Board, in its meeting on 29 November 2011, adopted these

**RULES OF PROCEDURE  
OF THE SUPERVISORY BOARD  
OF SAVA REINSURANCE COMPANY D.D.**

**I. GENERAL PROVISIONS**

Article 1

These Rules shall lay down procedures for the transacting of business and decision-taking of the Supervisory Board of Sava Reinsurance Company d.d. ("Supervisory Board") relating to the calling of meetings and the preparing of materials for meetings, all within the terms of reference of the Supervisory Board in accordance with the Companies Act (ZGD, Official Gazette of the Republic of Slovenia, no. 30/93 with amendments), Insurance Act (ZZavar, Official Gazette of the Republic of Slovenia, no. 13/2000 with amendments), the Articles of Association of Sava Reinsurance Company d.d. ("Company's Articles of Association") and other rules of Sava Reinsurance Company d.d. containing provisions for conferring authority for the operation of the Supervisory Board.

Article 2

Composition, appointment and election, term of office and remuneration of Supervisory Board members shall be governed by the Company's Articles of Association and resolutions adopted in the General Meeting of Sava Reinsurance Company d.d.

Article 3

Supervisory Board meetings are normally not public. In addition to the members of the Supervisory Board and of the Management Board, and the recording officer, other invited briefing officers and professionals may participate in individual parts of Supervisory Board meetings relating to relevant agenda items. Other persons may participate in Supervisory Board meetings subject to consent by the Chairperson or Deputy Chairperson of the Supervisory Board.

Article 4

Supervisory Board members and other persons who are in any way involved in the operation of the Supervisory Board or attend meetings thereof, shall safeguard as business secrets all documents and data used in Supervisory Board meetings or used in preparing for such meetings, for the term of office of Supervisory Board members as well as thereafter.

Breach of the rules of business secrecy by any member of the Supervisory Board will result in civil and criminal actions.

## **II. CALLING MEETINGS AND PREPARING MATERIALS**

### **1. CALLING MEETINGS**

#### Article 5

Meetings of the Supervisory Board shall be called by the Chairperson or, if necessary, by the Deputy Chairperson, however, within the statutory term for preparing General Meetings of Shareholders and for deliberating interim business results of the Company.

The constitutive meeting of the Supervisory Board shall be called by the Chairperson of the Management Board. Until election of a chairperson of the Supervisory Board, the meeting shall be chaired by its most senior member.

The constitutive meeting of the Supervisory Board shall take place no later than three days after the election of Supervisory Board members in the General Meeting, while for all other meetings it shall apply that the meeting shall be no earlier than eight days and no later than 15 days after its calling.

Invitations must be sent to all Supervisory Board members no later than eight days prior to the meeting.

Invitations must include an agenda and wherever necessary for Supervisory Board members, invitations shall include materials, reports and clarifications to individual agenda items.

#### Article 6

Without prejudice to the provisions of the preceding Article, a Supervisory Board meeting may exceptionally be carried out as a correspondence session, provided the following conditions are met:

- a resolution is passed confirming that resolutions passed in prior Supervisory Board meetings have been carried out;
- a resolution is required for carrying out official procedures before administrative authorities or other institutions or organisations or for establishing business relations with other commercial companies;
- confirmation of individual balance sheet items relating to parts that are linked to a time limit;
- a decision has to be taken – requiring the consent of the Supervisory Board – that is necessary in order to safeguard the financial interests of the Company;

- a decision needs to be taken immediately in order to prevent material damage or loss or in order to mitigate loss or damage, such decision being exclusively within the power of the Supervisory Board;
- in other cases where all Supervisory Board members agree that a correspondence session is held.

Correspondence sessions shall be called by the Chairperson of the Supervisory Board or its Deputy upon proposal by the Management Board. The proposal for a correspondence session shall be communicated by the Chairperson or its Deputy through the Secretaries office of the Company's Management Board to all Supervisory Board members. The correspondence session shall only be carried out if no member objects; consent may be given by facsimile or e-mail or, if these options are not available, by telephone; such consent shall be verified by signing the ballot paper.

#### Article 7

Supervisory Board meetings shall be called by the Chairperson or its Deputy.

Meetings shall be called based on:

- a resolution by the Company's General Meeting of Shareholders;
- a request by the Company's Management Board;
- a request or recommendation by the Insurance Supervision Agency or the external auditor;
- a request by a Supervisory Board member.

Upon request by the Management Board or any member of the Supervisory Board to the Chairperson of the Supervisory Board that a meeting be called immediately, such meeting shall take place no later than two weeks after such request is made.

If the request of at least two Supervisory Board members or of the Management Board is not accepted, these may call a Supervisory Board meeting by themselves and propose an agenda.

A meeting may be called upon a motion by:

- the Company's Internal Auditing Service;
- the Company's Workers Council;
- Company's workers trade union.

Before the Chairperson of the Supervisory Board or his/her Deputy decides on a motion to call a meeting as referred to in the previous paragraph, they may request the opinion of the Management Board.

#### Article 8

Meetings of the Supervisory Board, except in the case referred to in Article 6 of these Rules of Procedure shall be called in writing and must always contain a proposal for a agenda as

prepared by the Management Board or any other person proposing a motion or making a request for a meeting to be convened.

## **2. PREPARING MATERIALS**

### Article 9

Materials for Supervisory Board meetings called upon the request by the Company's Management Board or by any Supervisory Board member shall be prepared by professional services of the Company. Responsibility for the quality of the materials shall remain with the Management Board.

In all other cases, the materials shall be prepared by the person proposing a motion or requesting that a meeting be called.

The materials prepared by the Company's professional services must be understandable and focused on content. Each table must have an explanation or be accompanied by a commentary, except where states or trends may be read directly from any table as part of a report.

### Article 10

The material, which is the basis for the adoption of any resolution of the Supervisory Board, shall include a proposal of resolution including:

- who the resolution is proposed by;
- any legal basis, rule or professional basis for the adoption of the resolution;
- the wording of the resolution;
- if necessary, the name of the entity to implement the resolution and the time limit.

### Article 11

Generally, the materials shall be delivered to Supervisory Board members together with the notice of the meeting and each part shall – for better readability – be marked by the number of the agenda item under which it will be considered, or appropriate indications shall be made in the wording of agenda items in the notice of the meeting.

The notice of the meeting including the agenda and materials may be delivered separately; however, there should be a reasonable period of at least 3 days between delivery and the meeting of the Supervisory Board.

The Supervisory Board may discuss and decide on the basis of materials that were distributed immediately prior to the meeting, provided this is acceptable to all Supervisory Board members and only in matters that have a definite time limit and if, for objective reasons, the information could not be prepared in time. In all other cases, the Supervisory Board may decide – depending on the importance of the materials and the importance of the relevant resolution – to discuss such an agenda item in any subsequent meeting.

## Article 12

The materials forming the basis for a resolution in a correspondence session shall be sent in advance along with the proposed agenda for the correspondence session.

### **III. CHAIRING AND CONDUCTING MEETINGS**

#### **1. CHAIRING A MEETING AND PARTICIPATION**

## Article 13

Supervisory Board meetings shall be chaired by the Chairperson. In the absence of the Chairperson, meetings shall be chaired by the Deputy Chairperson. Meetings cannot start in the absence of both.

## Article 14

Before the beginning of the meeting, the Chairperson of the Supervisory Board or his/her Deputy shall establish if there is a quorum.

The Supervisory Board shall be quorate if no less than half of its members are present when resolutions are taken, provided that all members have been invited in a proper and timely manner. Among the Supervisory Board members present must be either the Chairperson or his/her Deputy.

## Article 15

If the Supervisory Board meeting does not have a quorum, it shall be adjourned for seven days; alternatively, the members present, which must include either the Chairperson or his/her Deputy, may resolve that members absent are proposed that the meeting is carried out as a correspondence session.

## Article 16

Following the adoption of the agenda, the deliberation of individual agenda items shall begin.

The Chairperson of the Supervisory Board or his/her Deputy shall first give the floor to the proposer of the resolution or briefing officer under individual agenda items who may also be called upon before the end of the deliberation of any agenda item to provide additional clarification.

## Article 17

The Chairperson shall give the floor to the speakers at the meeting in the order in which they have asked to speak.

Speakers may at any time raise a point of order. However, they may not speak more than three minutes. When the speaker finishes, the Chairperson shall comment on the breach of these rules of procedure or agenda. If the speaker is not satisfied with the explanation given, the Supervisory Board shall decide by special vote whether there has been a breach.

If the speaker asks to speak in order to correct his/her statement which the speaker believes is inaccurate and has led to a misunderstanding or requires personal clarification, the Chairperson shall give the speaker the floor as soon as the person necessitating the correction finishes speaking. The correction must relate only to clarifications, while the speaker must not speak longer than five minutes.

#### Article 18

Speakers may only discuss matters that are on the agenda. If the speaker departs from the subject matter on the agenda, the Chairperson shall call the speaker to order. If after having called a speaker to order for a second time, the speaker does not keep to the agenda, the Chairperson is entitled to withdraw the speaker's right to speak.

The debate of the members and invited participants is usually limited to a maximum of ten minutes.

#### Article 19

The Chairperson shall be responsible for order in Supervisory Board meetings.

## **2. DECISION-TAKING**

#### Article 20

After the deliberation of any individual agenda item is completed, the Chairperson of the Supervisory Board or his/her Deputy shall ask members to adopt a resolution.

Voting is normally public; however, at the request of two thirds of the members of the Supervisory Board, voting may be by secret ballot, with ballots to be signed by members of the Supervisory Board voting on specific proposals for resolutions.

#### Article 21

Any member of the Supervisory Board shall inform the Supervisory Board about any kind of conflict of interest that may arise or could arise in the exercise of or in connection with the exercise of his/her function. Each member of the Supervisory Board shall inform the Supervisory Board on any membership in Supervisory Boards of other companies.

#### Article 22

When voting, members of the Supervisory Board shall consider especially the interests of the Company before any personal interests or interests of third parties, the Management Board, shareholders, the public or the government.

In case a Supervisory Board member feels a conflict of interest relating to any agenda item, such member shall disclose the conflict of interest and abstain from voting.

If the Chairperson of the Supervisory Board has reasonable ground to believe that there is a conflict of interest, he/she may require, before taking a vote, that Supervisory Board members declare whether they have any conflict of interest relating to the matter put to the vote.

Any abstentions of Supervisory Board member from voting due to any conflict of interest, and any explanation or statement given by the member in this regard shall be recorded in the minutes of the Supervisory Board meeting.

#### Article 23

For a resolution of the Supervisory Board to be passed, a majority of members present must vote for it; in the event of a tied vote, the Chairperson or, if absent, the Deputy Chairperson shall have the casting vote.

#### Article 24

Members of the Supervisory Board shall not vote on matters that are directly related to them. In such cases such member shall only be counted when establishing whether there is a quorum, and not relating to the validity of resolutions. In such cases, each resolution must be carried by the majority of all members of the Supervisory Board.

#### Article 25

In correspondence sessions, Supervisory Board members shall vote using the ballots they have received with the meeting materials in advance. In relation to validity, the preceding Articles of these Rules of Procedure shall apply.

#### Article 26

If a regular Supervisory Board meeting is called in order to decide on matters pursuant to Article 6 of these Rules of Procedure and a member of the Supervisory Board cannot attend due to urgent matters, such member may – upon communicating his non-attendance – vote in writing or via telephone.

Any vote cast in the manner described in the preceding paragraph is valid provided the Supervisory Board member has received, with the notice of the meeting, a proposal of resolution that, after its deliberation in the Supervisory Board meeting, has been put to the vote unchanged in either content or form.

The provisions of the preceding paragraph of this Article shall also apply *mutatis mutandis* in cases where a Supervisory Board member leaves any Supervisory Board meeting due to urgent matters before its end.

#### **IV. MEETING MINUTES**

##### Article 27

Meeting minutes shall be taken in every Supervisory Board meeting.

In each meeting, the Supervisory Board shall designate a recording officer upon the proposal of the Management Board of the Company.

For correspondence sessions, the meeting minutes shall be taken by the person designated by the Management Board for the technical implementation of the correspondence session.

##### Article 28

Meeting minutes must contain the following:

- an indication that these are the minutes of a Supervisory Board meeting;
- place, room and time of meeting;
- list of attendees;
- the adopted agenda;
- deliberation of each individual agenda item, that is:
  - summary of the briefing officer's information, or short summary of materials;
  - summary of main ideas of persons participating in the debate;
  - summary of questions and answers to such questions;
  - final wording of the resolution adopted;
- signature of the chairperson of the Supervisory Board or the Deputy Chairperson and the recording officer.

##### Article 29

The meeting minutes shall be completed no later than 15 days after the meeting. If required, an extract of the minutes shall be prepared immediately after the end of the meeting or on the next day.

The meeting minutes shall be presented to Supervisory Board members for adoption at the next Supervisory Board meeting.

##### Article 30

The Supervisory Board meeting minutes shall be archived in the secretariat of the Management Board in compliance with legal provisions, Company acts and instructions regulating the safeguarding of business secrets and Company documents.

## **V. PUBLICATION OF DECISIONS ADOPTED IN SUPERVISORY BOARD MEETINGS**

### Article 31

Decisions adopted at Supervisory Board meetings are communicated to the public by the Company or its public relations representative. The public relations representative shall prepare, in advance, announcements about dealings in individual sessions and decisions of the Supervisory Board. In any session, the Supervisory Board shall be presented with the text of the announcement and shall approve it or give proposals for amendments of the text. The public relations representative shall publish the final version of the announcement through the customary and prescribed distribution channels.

## **VI. SUPERVISORY BOARD COMMITTEES**

### Article 32

The Supervisory Board may, by resolution, appoint one or several committees for the purpose of professional and technical matters for individual duties of the Supervisory Board; these committees shall compile technical bases and reports required for deliberation by the Supervisory Board, prepare proposals of resolutions and take care of their implementation.

Committees shall include at least one member of the Supervisory Board. Committee members may be appointed from among professionals employed by the Company or from among external professionals. Committees shall not have the power to decide matters that are exclusively within the power of the Supervisory Board.

For all matters relating to quorum and the decision-taking process of committees and for all other procedural questions, the Rules of Procedures of the Supervisory Board shall apply *mutatis mutandis*.

### **1. AUDIT COMMITTEE**

### Article 33

Pursuant to the legislation applicable to commercial companies, the Supervisory Board must establish an Audit Committee.

The Audit Committee shall not decide matters that are exclusively within the power of the Supervisory Board.

The Audit Committee shall be composed of the Chairperson and at least two other members. The Supervisory Board shall appoint the Chairperson from among its members, while at least one member of the Audit Committee must be an independent expert in the field of accounting or auditing. Beside the independent professional, the members of the Audit Committee may be appointed only from among Supervisory Board members.

Meetings of the Audit Committee may only be attended by its members; however, the deliberation of individual agenda items may be attended by invited professionals or briefing officers who may or may not be employees of the Company.

Members of the Audit Committee shall be entitled to remuneration for their work in meetings of the Audit Committee as well as to be reimbursed for any expenses incurred therein.

The Audit Committee shall report to the Supervisory Board on an annual basis.

#### Article 34

The Audit Committee shall:

- oversee procedures of financial reporting;
- monitor the efficiency of the Company's internal controls, of internal auditing and risk management systems;
- oversee compulsory auditing of the annual financial statements;
- examine and oversee the independence of the auditor for the annual report of the Company, especially the provision of additional services unrelated to auditing;
- propose candidates to the Supervisory Board for the auditing of the Company's annual report;
- oversee the accuracy of financial information issued by the Company;
- assess the composition of the annual report and prepare the wording for the statement of the Supervisory Board;
- co-operate in determining the main areas of auditing;
- participate in the drafting of the contract between the auditor and the Company;
- co-operate with the auditor in auditing the Company's annual report, in particular, the Audit Committee shall exchange information on main areas to be audited; and
- carry out other tasks as decided by resolution of the Supervisory Board.

#### Article 35

The Audit Committee shall meet at least on a quarterly basis.

The Audit Committee may pass resolutions per correspondence, per telephone, using electronic media or via any other medium provided that all members of the Audit Committee agree on.

More detailed provisions regarding the procedures of the Audit Committee shall be laid down in the Rules of Procedure of the Audit Committee.

## **VII. FINAL PROVISIONS**

### Article 36

These Rules of Procedure shall be adopted by majority vote of Supervisory Board members attending the meeting; the same requirement shall apply to the any subsequent adoption of amendments.

### Article 37

Any matters not specifically addressed in these Rules shall be governed directly by the Company's Articles of Association and the law governing commercial companies.

### Article 38

These Rules of Procedure shall come into force when adopted.

In Ljubljana, 29 November 2011

Chairperson of the Supervisory Board of  
Sava Reinsurance Company d.d.  
Branko Tomažič