



Remuneration policy for members of management and supervisory bodies of Sava Re d.d.



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In accordance with Article 294(a) of the Slovenian Companies Act (Official Gazette of the Republic of Slovenia, No. 42/2006, as amended; hereinafter: ZGD-1), Sava Re d.d., Dunajska 56, 1000 Ljubljana, has compiled the following:

Remuneration Policy for Members of Management and Supervisory Bodies of Sava Re d.d.

1 Introduction

1.1 Purpose of the Remuneration Policy

The Remuneration Policy for Members of Management and Supervisory Bodies of Sava Re d.d. (hereinafter: the Remuneration Policy) is a uniform document that governs remuneration for management and supervisory bodies of Sava Re d.d. (hereinafter: Sava Re or the Company).

The remuneration system for management body members not only provides remuneration for the work done but is also a key mechanism for guiding and motivating them in the performance of their function. Remuneration to supervisory body members represents payment for the performance of their function and for assuming responsibility.

The remuneration system for management body members, while taking into account legislation and best remuneration practices, allows the Company to employ and retain top experts with relevant knowledge, experience and skills required for good performance of the function of a Company management board member.

For each item (or component) of remuneration to members of management bodies, the Remuneration Policy determines the highest amount or range within which negotiations with candidates for management bodies are possible, with the highest amounts and ranges being flexible enough to allow consideration of changes in the Company's business environment, industry specifics and pursuit of the Company's strategy when determining the remuneration.

1.2 Contribution of the Remuneration Policy to promoting the Company's strategy, long-term development and sustainability

Sava Re is a public limited company traded on the prime market of the Ljubljana Stock Exchange. Sava Re carries on reinsurance business under its license issued under the Slovenian law governing insurance business; it is the parent company of the Sava Insurance Group (hereinafter: the Group), consisting of the parent and its subsidiaries based inside and outside the EU. Most Sava Insurance Group subsidiaries are insurance companies.

Sava Re is obliged to adhere to well-organised corporate governance, under which it not only pursues economic goals but also builds a customer-centric, flexible and sustainability-oriented insurance group that the stakeholders recognise as (1) a socially responsible insurance and reinsurance company and a socially responsible and credible partner, (2) a socially responsible asset and equity manager, (3) a responsible and attractive employer, and (4) a socially responsible organisation towards the wider community.

The Remuneration Policy is designed to promote:

- **the pursuit of strategy** by enabling pay and remuneration in line with the principles, successful implementation of the business strategy and achievement of the strategic goals of Sava Re and the Sava Insurance Group;
- **long-term development** by preserving a direct link between payment and results, and by aligning remuneration with the goal of creating long-term value for the stakeholders and ensuring efficient risk management, and
- **the Company's sustainable operations and sustainability**, with all the incentive systems at all organisational levels contributing to the Company's sustainability by aligning the goals and individuals' behaviour with the long term-mission, pursuing the Company's mission through time and building long-term value for all stakeholders and the Company's reputation, while avoiding risks that exceed the Company's risk appetite.

1.3 Principles of the Remuneration Policy for management body members

This Remuneration Policy primarily adheres to the following principles:

The principle of proportionality: the total remuneration of management body members is in appropriate proportion to their tasks, the scale of operation of the Company and Group, and their financial situation and operating results, while also taking into account comparable circumstances in the market. The fixed and variable remuneration and other components of the total remuneration to management body members must be at a level that allows the supervisory body to recruit top experts motivated to work responsibly and diligently to the management body.

The principle of limitations on total remuneration: the Remuneration Policy contains all the elements that make it possible to determine the total amount of remuneration. All components of remuneration in this policy have determined upper limits. The total amount of remuneration has a directly or indirectly (as the sum of individual components) fixed or determined limit.

The principle of linking total remuneration to the Company's long-term performance: the components of total remuneration in the Remuneration Policy are structured so that the Remuneration Policy for management body members, in addition to taking into account short-term performance, also promotes the business strategy, long-term performance and development, sustainable operations and the Company's sustainability.

The principle of economic efficiency: the total remuneration is set at a level that ensures the ability to recruit, motivate and retain management body members.

The risk management principle: the variable component may not be determined so as to allow rewarding behaviour of management body members that encourages the exposure of the Company to uncontrolled risk.

The principle of work of equal value: components of remuneration to management body members for equal work are determined equally, regardless of gender.

1.4 Definitions

The **supervisory body** is defined under the applicable ZGD-1 and the Company's applicable articles of association. In line with the latter, the supervisory body of Sava Re is composed of six members.

A **supervisory body member** is a member of the supervisory board. Where masculine grammatical forms are used for a supervisory body member, they are deemed to be understood to relate to both men and women. The term **supervisory board member** used in this report is a uniform term for both

the chair of the supervisory board and any member of the supervisory board, unless specific reference is made to the chair of the supervisory board. Where masculine grammatical forms are used for a supervisory board member, they are deemed to be understood to relate to both men and women.

The **management body** is defined under the applicable ZGD-1 and the Company's applicable articles of association. In line with the latter, the management body of Sava Re is the management board, which is composed of two to five members.

A **management body member** is a member of the management board. Where masculine grammatical forms are used for a management body member, they are deemed to be understood to relate to both men and women. The term **management board member** is used as a uniform term for both the chair of the management board and any member of the management board, except where specific reference is made to the chair of the management board. Where masculine grammatical forms are used for a management board member, they are deemed to be understood to relate to both men and women.

Sava Re or the **Company** is Sava Re d.d., Dunajska 56, 1000 Ljubljana.

The **Sava Insurance Group** is the parent Sava Re d.d. and all its subsidiaries.

The **Sava Insurance Group company** is a commercial company that conducts a gainful activity independently as its sole activity and is part of the Sava Insurance Group owing to its ownership relations with Sava Re as the parent company.

1.5 Presentation of the process of determining, implementing and revising the Remuneration Policy

Process of developing and updating the Remuneration Policy

The supervisory board includes the development or updating of the Remuneration Policy in its framework work plan. The nominations and remuneration committee revises the existing management board remuneration system based on contracts and other documents, and the supervisory board remuneration system based on existing general meeting resolutions. Based on the analysis, the nominations and remuneration committee obtains the management board's opinion on the bases for developing or updating the Remuneration Policy in the part pertaining to the remuneration of management bodies, and it proposes the bases for developing or updating the Remuneration Policy to the supervisory board. In accordance with the supervisory board's decision and nominations and the remuneration committee's instruction, the Company's relevant offices draw up a draft Remuneration Policy that contains a description of remuneration for each separate body. The Remuneration Policy for members of management and supervisory bodies is approved by the supervisory board at the proposal of the nominations and remuneration committee.

Process of revising the Remuneration Policy

The supervisory board's nominations and remuneration committee reviews the Remuneration Policy's compliance with the applicable legislation and associated internal regulations of the Company at least once a year, and it proposes changes and updates to the supervisory board as needed.

Process of implementing the Remuneration Policy

The implementation of the Remuneration Policy is monitored by the supervisory board.

Voting on the Remuneration Policy

The Remuneration Policy is presented for approval through a vote at Sava Re's general meeting after every significant change or every four years in any case.

Public disclosure of the Remuneration Policy

After the general meeting vote, the Remuneration Policy, along with the date and outcome of the vote, is published on the Company's website, where it is publicly available for free for at least as long as it is applied and not less than ten years.

1.6 Measures for preventing or managing conflicts of interest

The rules on procedures for managing and mechanisms for preventing conflicts of interest are specified in the Corporate Governance Policy of Sava Re d.d. and the Company's internal rules on managing conflicts of interest.

Management of conflicts of interest in the supervisory board

Before taking office and then periodically (annually) and upon each change, each supervisory board member signs and submits to the supervisory board a statement of independence of the member of the Company's supervisory board, stating that he or she has sufficient knowledge and experience for performing the function of a supervisory board member and for taking a position relating to his or her potential conflicts of interest, in accordance with the criteria laid down in the Corporate Governance Code for Listed Companies.

The members of the supervisory board inform the supervisory board of any kind of conflict of interest that may arise or could arise in the exercise of or in connection with the exercise of their offices. In addition, each member of the supervisory board keeps the supervisory board informed of any memberships in management or supervisory bodies of other companies.

The members of the supervisory board are aware of the fact that the existence of a material or evident conflict of interest could constitute cause for termination of their terms of office.

In addition, each year the supervisory board members complete a questionnaire on related parties so that the Company may verify the existence of any other business relations between the Company and the supervisory board members. Any findings are disclosed in the annual report in the section on transactions with related parties.

The supervisory board takes into account any potential conflicts of interest when selecting candidates for new supervisory board members: candidates who already exhibit conflicts of interest of a nature that may have a significant impact on decision-making and activities are not nominated for election by the general meeting to the supervisory board.

Moreover, in performing their duties, a supervisory board member is not dependent on the opinions or instructions of those who elected, nominated or appointed him or her, but follows his or her own judgement and assumes full personal responsibility for his or her decisions. All supervisory board members have equal rights and duties; only in the case of a tied vote does the chairman, or the deputy chairman in the absence of the chairman, have a casting vote.

Management of conflicts of interest in the management board

On an annual basis, management board members complete questionnaires on related parties so that the Company may verify the existence of any other business relations between the Company and its employees. Any findings are disclosed in the annual report in the section on transactions with related parties.

Management board members immediately disclose any potential conflicts of interest to the supervisory board and inform other management board members thereof. They also disclose to the supervisory board any membership of interest groups, associations and organisations.

As a general rule, the Company's management board members do not serve on supervisory boards of companies outside the Group, which is to minimise potential conflicts of interest. Exceptions are decided by the Company's supervisory board.

1.7 Description and explanation of substantial changes to the Remuneration Policy

Result of the general meeting vote on the proposed Remuneration Policy (2023)

The management and supervisory boards submitted the Remuneration Policy to the 39th general meeting of shareholders (held on 5 June 2023) for approval. The proposed resolution to approve the Remuneration Policy was not approved. A total of 12,320,461 votes, representing 71.55% of the share capital, were cast in the vote on the proposed advisory resolution. Of these, 5,272,347 or 42.79% were in favour, and 7,048,114 or 57.21% were against. There were 726 abstentions.

Validity of the Remuneration Policy if not approved by the general meeting

The Remuneration Policy submitted to the 39th general meeting (held on 5 June 2023) complies with the law and is in force. This is because the general meeting vote on the Remuneration Policy was an advisory vote. This means that the Company can apply the Remuneration Policy, but must put a revised Remuneration Policy to a vote at the next general meeting. All payments to the members of the management and supervisory bodies on the basis of the Remuneration Policy adopted by the management and supervisory boards of Sava Re in 2023 and submitted for approval to the 39th general meeting (held on 5 June 2023) are legally valid.

Proposed Remuneration Policy (2024)

The Company will submit the revised Remuneration Policy to the shareholders for consideration at the annual general meeting of Sava Re in 2024.

The Company has prepared the Remuneration Policy on the basis of and in accordance with Article 294a of ZGD-1 and taking into account the Guidelines for Designing Remuneration Policies and the Directors' Remuneration Report – for public limited companies (issued by the Slovenian Directors' Association on 8 December 2021; hereinafter: the SDA guidelines) and the Recommendations and Expectations of the Slovenian Sovereign Holding (issued by the SSH on 18 December 2023; hereinafter: the SSH recommendations).

The main new content of the revised policy:

- Variable remuneration:
 - The set of criteria for determining the variable remuneration component (ratio and structure of short-term and long-term criteria as well as financial and non-financial criteria) has been updated.
 - The section on the deferral of the variable remuneration has been updated: both the amount and the deferral period have been redefined.
- Termination benefits:
 - The section on termination benefits due to early termination of term of office has been updated.
- Non-competition clause:
 - A new section on the non-competition clause has been added to the policy.
- Editorial corrections:
 - The names of some types of remuneration have been aligned with the SSH recommendations.

The revised policy does not differ from the guidelines of the existing Remuneration Policy with respect to the type, substance and maximum level or range of remuneration for members of management and supervisory bodies.

2 Remuneration of Sava Re supervisory board members

The amount of remuneration for supervisory board members is determined by the Company's general meeting, except for external members of supervisory board committees, whose remuneration is determined by the supervisory board.

Supervisory board members are entitled to the following remuneration for the performance of their function:

- (1) payment for performing the function itself,
- (2) attendance fees and
- (3) reimbursement of agreed-upon expenses.

The amount of remuneration of supervisory board members was set by a resolution of the 31st general meeting of Sava Re shareholders, held on 30 August 2016.

The resolution on the amount of remuneration for supervisory board members has been in effect since 1 September 2016:

- (1) Members of the supervisory board receive an attendance fee for each session attended, which is the same for all supervisory board members and amounts to EUR 275.00 gross. Each member of any supervisory board committee receives an attendance fee for each committee session attended in the amount of 80% of the attendance fee set for supervisory board sessions. The attendance fee for correspondence sessions is 80% of the regular session fee. Without prejudice to the above and irrespective of the number of sessions attended, every member of any supervisory board committee is entitled to receive, in any one financial year, attendance fees of up to 50% of the fixed annual remuneration for performing the function of a supervisory board member. Without prejudice to the above and irrespective of the number of supervisory board or committee sessions attended, every supervisory board member who is a member of any supervisory board committee is entitled to receive, in any one financial year, attendance fees relating to supervisory board and committee sessions of up to 75% of the fixed annual remuneration for performing the function of a supervisory board member.
- (2) In addition to attendance fees, each supervisory board member receives a fixed remuneration for performing his or her function in the amount of EUR 13,000.00 gross per year. The supervisory board chair also receives an additional 50% of the fixed remuneration for performing the function of a supervisory board member, and the vice-chair or deputy chair of the supervisory board receives an additional 10% of the fixed remuneration for performing the function of a supervisory board member. Each member of any supervisory board committee receives additional remuneration for performing his or her function of 25% of the fixed remuneration of a supervisory board member. The chair of any committee is entitled to receive additional remuneration for performing the function in the amount of 37.5% of the fixed remuneration for performing the function of a supervisory board member. Without prejudice to the above and irrespective of the number of committees he or she serves on or chairs, any member of any supervisory board committee is entitled to receive, in any financial year, additional remuneration for committee membership of up to 50% of the fixed annual remuneration for performing the function of a supervisory board member. Without prejudice to the above and irrespective of the number of committees he or she serves on or chairs, if the term of office of any supervisory board member is less than one financial year, such a member of a supervisory board committee is entitled to receive, in any financial year, additional remuneration for membership of committees of up to 50% of the fixed remuneration for performing the function of a supervisory board member with regard to entitlements to payments for the period covering such a member's term of office in the relevant financial year.

- (3) Each member of the supervisory board or any supervisory board committee receives fixed remuneration and additional remuneration for performing his or her function in proportional monthly payments as long as he or she performs that function. The monthly payment is one-twelfth of the stated annual amounts.
- (4) The aggregate limit of attendance fees and additional remuneration for a supervisory board member in no way influences the obligation to actively participate in all sessions of the supervisory board or its committees of which he or she is a member and to perform his or her obligations in accordance with the law.
- (5) Supervisory board members are entitled to reimbursement of transport costs and accommodation costs related to their activities as supervisory board members up to the amount prescribed by regulations on the reimbursement of work-related costs and other income not included in the tax base (provisions relating to transport and transient lodging on business trips). The amount that a supervisory board member is entitled to under the above provisions is grossed up so that the net payment represents the reimbursement of actual travel costs. The number of kilometres travelled is determined based on the distance between places calculated using the public AMZS website. Accommodation costs will only be reimbursed if the supervisory board member's permanent or temporary residence is at a distance of 100 km or more, if the member is unable to return because of unavailable public transport as per the timetable or for other objective reasons.

This resolution cancels resolution no. 8 of the Company's 24th general meeting, held on 29 June 2011.

Supervisory board members do not receive any payments other than those set out above.

Supervisory board members cannot participate in the Company's profits.

3 Remuneration of Sava Re management board members

3.1 Introduction

The amount of remuneration for management board members is determined by the Company's supervisory board.

Remuneration of the management board members is regulated by (1) specific Solvency II policies, i.e. the Remuneration Policy of the Group and that of Sava Re, (2) this Remuneration Policy, (3) the employment contracts of each management board member and (4) the methodology for determining the performance-based pay of management board members of Sava Re, which is appended and forms part of each management board member's employment contract.

The remuneration of management board members is set out in the employment contract made between the Company and each management board member.

3.2 Types of remuneration

The Remuneration Policy regulates total remuneration to management board members.

The total remuneration to management board members comprises:

- (1) fixed remuneration (base salary),
- (2) variable remuneration (performance-based pay),
- (3) termination benefits and
- (4) other rights.

3.3 Fixed remuneration (base salary)

The fixed remuneration (base salary) of a management board member is pay for performance of duties and for pursuing and assuming responsibility, and it is determined taking into account the provision of financial stability, compensation of efforts and professional experience. The base salary does not depend on business performance or unpredictable factors. The monthly base salary of a member of the management board is set in the employment contract as a gross amount.

Criteria for determining monthly gross base salary

When determining the monthly gross base salary, the complexity and responsibility of managing the Company are taken into account in particular, applying the **complexity criteria**, which are divided into:

- (1) the criteria determining the **size of a particular company**¹ and
- (2) the criteria reflecting the **complexity of that company's operations**².

¹ The complexity criteria determining the size of a particular company are: (1) the value of assets (the balance sheet total), (2) net premiums earned and (3) the average number of employees in the last financial year.

² The complexity criteria reflecting the complexity of operations are: (1) organisational complexity: the number and size of subsidiaries in the Group, regulation complexity and complexity of risk management, (2) internationalisation of business (the number and size of subsidiaries abroad, and the share of revenue generated abroad), (3) the complexity of the direct business environment (competition level in the industry, competition in major markets, industry development stage, and the importance of research and development), (4) complexity of key products (their development stages, technological complexity, and risks and sales growth potential) and (5) industry regulation (the level of revenue/cost regulation and provision of public services).

The upper limit for the monthly gross base salary of a management board member, depending on categorisation and taking into account the complexity criteria, is EUR 20,000.00.

More detailed reasoning for determining the upper limit for the monthly gross base salary of Sava Re's management board members is provided in **appendix** to this policy. The complexity of the Company's operations is reviewed at least every four years, and the overall assessment of the criteria is adjusted if necessary.

The base salary of a management board member is determined within the upper limit for monthly gross base salary determined in this Remuneration Policy and by taking into account the following factors in the employment contract:

- the tasks and responsibilities of the management board member (chairman/member of the management board and division of areas of work),
- individual traits of the management board member (knowledge, experience, references and skills) and
- remuneration to management body members in comparable companies in the industry in Slovenia and the region.

The base salary of each management board member is set at a maximum of 90% of the salary of the chair of the management board.

Management board members are not entitled to a seniority bonus as this is already included in the base salary.

3.4 Variable remuneration (performance-based pay)

The variable remuneration is governed by the Methodology for Determining the Variable Pay of a Management Board Member of Sava Re (hereinafter: the methodology), adopted by the supervisory board, which also determines the bonus of each management board member. After the supervisory board approves the strategic and annual plans for the next year, the supervisory board lays down the financial and non-financial criteria for assessing the performance of individual management board members for that year.

Variable remuneration in relation to fixed remuneration

Annual variable remuneration to a management board member may amount to up to 55% of his or her fixed annual remuneration.

Composition of variable remuneration

The variable remuneration of a management board member consists of:

- business-performance-based pay based on annual business and financial criteria that pursue the long-term strategic financial targets of the Sava Insurance Group, and
- individual-performance-based pay based on annual non-financial criteria that pursue the long-term strategic non-financial targets of the Sava Insurance Group.

Eligibility for variable remuneration is determined once a year after the end of the financial year, when the accounts of Sava Re have been audited and approved. Variable remuneration is determined under the conditions and in the amount set out in the methodology. The payment of variable remuneration for management board members is decided by a supervisory board resolution.

Criteria for determining the level of variable remuneration

Financial criteria for determining the level of variable remuneration (business-performance-based pay)

The financial criteria for determining the level of variable remuneration are used to measure performance against the achievement of the plan for a particular financial period. **Business-performance-based pay** is tied to the following three selected economic and financial performance indicators at the Sava Insurance Group level:

- return on equity (ROE): the basis for determining the amount of the variable remuneration is the achievement of the planned percentage of return on equity of the Sava Insurance Group;
- return on revenue (ROR): the basis for determining the amount of the variable remuneration is the achievement of the planned percentage of return on revenue of the Sava Insurance Group, and
- expense ratio: the basis for determining the amount of the variable remuneration is the achievement of the planned percentage of the expense ratio of the Sava Insurance Group.

Each year, following the approval of the annual plan by the supervisory board, the planned targets (percentages) for the above financial criteria are approved by a resolution. The approved and planned short-term annual target for each financial criterion must be consistent with the long-term strategic financial targets of the Sava Insurance Group.

Non-financial criteria for determining the level of variable remuneration (individual-performance-based pay)

Non-financial criteria for determining the level of variable remuneration are used to measure the individual performance of management board members. Non-financial criteria are vital for motivating individual management board members and the management board as a whole to achieve the annual and strategic plans of both Sava Re and the Sava Insurance Group. At the end of each financial year, the management board member is entitled to variable remuneration based on his or her individual performance, which is determined according to the fulfilment of the following planned non-financial targets:

- key business development targets,
- risk management targets and
- sustainability targets.

These targets must be set in line with the long-term non-financial strategic targets of the Sava Insurance Group.

Non-financial criteria in relation to total variable remuneration

The non-financial criteria must account for at least 30% of the total variable remuneration of management board members.

Short- and long-term performance

The system of **short-term performance** criteria and their target values for the management board members are determined by the supervisory board, acting on a proposal from the nominations and remuneration committee, based on the business strategy and the annual business plan at the beginning of each financial year and as part of the criteria laid down in this Remuneration Policy.

The system of **long-term performance** criteria and their target values for the management board members are determined by the supervisory board in agreement with the management board members in the methodology for determining the variable pay of a management board member, including based on the business strategy and the approved multi-year business plan and as part of the criteria laid down in this Remuneration Policy.

When determining the short- and long-term performance criteria, the methodology sets a minimum performance threshold for the achievement of goals in order for variable remuneration to be awarded. If the minimum performance threshold is not reached, no variable remuneration is awarded to the management board member. The full amount of the variable remuneration is paid to the management board member only if the targets are met or exceeded. Intermediate performance against targets will result in a proportionately lower variable remuneration. It is within the supervisory board's discretion whether and how the outperformance of one or more criteria is partially offset by the underperformance of one or more other criteria. The contract concluded with the management board members makes appropriate reference to the methodology in force at the time or, to the extent appropriate, the provisions are reproduced in the employment contract of the management board member.

The current business strategy of the Sava Insurance Group for 2023–2027 defines ambitious but realistic targets and measures to achieve them. The targets are designed to focus on the long-term success of the Company and the Group, long-term development and sustainable operations, taking into account the interests of all the Company's main stakeholders. The set of criteria and the criteria specified above are directly linked to the targets set out in the business strategy and apply unless the supervisory board decides to change them in the methodology. In particular, sustainability targets are used to promote sustainable operations, financial targets and key business development and risk management targets are used to promote the long-term development and success of the Company and the Group, and all criteria taken together that are substantively related to the business strategy targets are used to promote the business strategy.

Assessing the fulfilment of goals and criteria for determining variable remuneration

Eligibility for variable remuneration is determined once a year after the end of the financial year, when the accounts of the Sava Insurance Group have been confirmed and audited. Variable remuneration is determined under the conditions and in the amount set out in this Remuneration Policy and the methodology. The payment of variable remuneration for management board members is decided by a supervisory board resolution.

Management board members are entitled to variable remuneration proportional to the period they perform their role in any calendar year.

In the event of deferred payments, the variable remuneration based on the fulfilment of set long-term goals is determined at the end of the deferral period on the basis of the (audited) annual report and other materials demonstrating the fulfilment of long-term goals. If the management board member's term is terminated before the end of the deferral period, all contingent payments for the performance of the function are finally determined and paid at the end of the deferral period on the basis of relevant materials.

Supervisory board discretion

The supervisory board may, by resolution, determine the variable remuneration of a management board member under the following conditions:

- if, in any financial year under consideration, circumstances arise which are not measurable under the methodology and on the basis of which the supervisory board determines the amount of the annual variable remuneration of each management board member, but such circumstances have a positive impact on the development of the Sava Insurance Group, or
- if, in any financial year under consideration, a management board member has conducted business in line with the approved business plan and has been successful in individual tasks or projects critical to the development of the Company and the Group, but due to circumstances beyond his or her power it has been impossible to achieve or exceed the targets set as criteria by the methodology for determining the variable pay for any one financial year.

The entire remuneration methodology is valid provided that the consolidated solvency ratio does not fall below the 170% threshold (excluding the effects of any extraordinary dividends at the owner's

request and the effects of major acquisitions of new companies made with the approval of the supervisory board).

If the solvency ratio falls below the 170% threshold, the Company's supervisory board conducts an additional review of the variable pay for that year.

Deferral of variable remuneration

The payment of at least 50 percent of the variable remuneration awarded to the management board member for each financial year is deferred for two years.

The supervisory board adopts a special resolution on the deferral of the variable remuneration and then a special resolution on the payment of the retained variable remuneration.

The supervisory board may decide not to pay out the deferred variable remuneration of a management board member if the Company and/or the Group has shown materially negative operating trends during the period to which the deferred payment relates, if such trends are also the result of decisions made by that management board member.

Furthermore, the deferred variable remuneration is not paid out if the management board member breached his or her legal and/or other obligations during the period to which the deferred payment relates. He or she is deemed to have breached his or her duties if he or she has failed to act in the interests of the Company and with the care of a diligent and fair businessman or businesswomen.

Variable remuneration claw back

The Company may demand that already paid variable remuneration or its proportional part be returned:

- if an annual report has been declared null and void by a final court decision and the grounds for annulment relate to items or facts that formed the basis for determining the variable remuneration of management board members, or
- on the basis of a special auditor's report that the criteria used for determining the variable remuneration were used incorrectly or that they were calculated on the basis of inaccurate accounting, financial or other key data or indicators.

The return of the paid variable remuneration or part thereof may be required within three years of the payment of the variable remuneration or its part. The repayment of the variable remuneration paid is normally made by first offsetting the parts of the variable remuneration that have been awarded but not paid, whereby the possibility of offsetting is also agreed in the employment contract.

Shares and stock options

The Company does not specify variable remuneration of management board members in the form of shares or stock options.

Management board members' participation in profit sharing

The Company does not specify variable remuneration of management board members in the form of profit sharing.

3.5 Termination benefits due to early termination of a management body member's term of office

A management board member is entitled to a termination benefit if he or she has been dismissed for other economic and business reasons, or if he or she is not reappointed upon the expiry of his or her term of office. In this case, the management board member is entitled to a termination benefit in the

amount of six times the average monthly gross base salary received by him or her over the term of office.

A management board member is entitled to a termination benefit in the event of a mutually agreed termination of his or her mandate, provided that there are no grounds of fault for dismissal in such circumstances. In the event of a mutually agreed termination of the mandate, he or she is entitled to a termination benefit of no less than three and no more than six average monthly gross base salaries received by him or her while performing his or her function during the most recent term of office.

A management board member is entitled to a termination benefit referred to in the previous two paragraphs only if his or her employment relationship with all companies of the Sava Insurance Group is terminated.

3.6 Non-competition clause

The management board member and the Company agree in the employment contract that for up to 12 months after termination of his or her mandate and employment with the Company, the management board member may not, without the Company's approval:

- establish a competitive company or start an independent competitive business with the same or similar activity as the Company's, including transactions related to the Company's activity,
- conclude an employment contract or other civil-law contract with any company or sole trader who with his or her activities may be a business competitor of the Company; such activities include transactions related to the Company's activity, and
- act in any other way in a competitive manner against the Company, if thereby he or she would be able to use the professional or business competencies and connections obtained during the period of employment with the Company.

In order to ensure the validity of and compliance with the non-competition clause upon termination of office and employment with the Company, the management board member is entitled to a monthly compensation equal to seventy percent (70%) of the monthly gross base salary paid to the management board member for the first six months of compliance with the non-competition clause and to thirty percent (30%) of the monthly gross base salary paid to the management board member for the remaining months, regardless of whether or not the management board member has the opportunity to earn an income comparable to his or her past income, if his or her freedom to choose employment or his or her freedom to conduct a business is impaired or reduced as a result of the application of the non-competition clause.

The detailed rules for exercising the non-competition clause are agreed between the management board member and the Company in the employment contract and the agreement on the termination of the employment contract on a case-by-case basis.

3.7 Other rights

Management board members also have other rights, such as benefits and other special cash benefits.

3.7.1 Benefits

Management board members are entitled to the following benefits:

Company car: management board members also have the right to use a company car for personal purposes, with the retail price of the car limited to EUR 60,000.00 (VAT included) or EUR 70,000.00 for green vehicles.

Mobile phone: each management board member is entitled to a mobile phone with unlimited expenses.

Liability insurance: management board members are entitled to the payment of a premium for liability insurance (so-called D&O insurance), considering the deductible prescribed by the applicable legislation.

Personal accident insurance: each management board member is entitled to monthly premiums to cover accidents, disability and accidental death under personal accident insurance policies also applying to other Company employees.

Voluntary supplementary pension insurance: each management board member is also entitled to the payment of monthly premiums for the voluntary supplementary pension in accordance with the pension scheme (if he or she decides to join the scheme) that is also used by other Company employees.

Voluntary group health insurance: each management board member is also entitled to the payment of monthly premiums for the voluntary group health insurance that is also used by other Company employees.

Travel insurance with medical assistance abroad: each management board member is entitled to travel insurance with medical assistance abroad.

Preventive health check-up: management board members are entitled to a preventive health check-up once a year in the scope determined by the Company's health risk assessment for the position of a management board member.

Additional training: in accordance with the applicable law and this policy, the Company must ensure that the people actually managing the Company at all times meet the requirements regarding their professional qualifications for good and prudent management. Management board members must constantly learn and improve, and so they are entitled to yearly reimbursement of all costs related to additional education and training for preserving a sufficient level of qualifications for performing the function of a management board member – namely, in the amount of EUR 12,500.00 annually – and are also entitled to salary compensation for training-related absence for up to 15 business days a year. A special agreement is concluded for training that exceeds ten business days.

Membership fees for professional organisations: management board members are entitled to the reimbursement of the cost of professional organisation memberships related to the performance of the function in the amount of up to EUR 3,000.00 annually.

3.7.2 Special cash benefits

Management board members are entitled to other cash benefits, namely:

Allowance for annual leave: management board members are entitled to one allowance for annual leave a year, in accordance with the provisions of the law and the collective agreement binding on the Company.

Severance payment upon retirement: each management board member is entitled to a severance payment upon retirement in the amount of three times the average monthly gross base salary received by the member during the most recent three months prior to termination.

Reimbursement of cost related to the performance of function: management board members are entitled to the reimbursement of costs related to the performance of functions under the conditions and in the amount applicable to other Company employees (per diems for business trips, transportation and accommodation costs on business trips, and a meal allowance). A management board member is not entitled to reimbursement of commuting expenses if he or she exercises the right to use a company car.

Compensation of salary for absences: management board members are entitled to salary compensation for absence in cases and in the amount determined by the law.

Right to family separation allowance: management board members are entitled to a family separation allowance under the conditions and in the amount applicable to other Company employees.

Management board members are not entitled to any remuneration or reimbursement of work-related expenses that is not expressly specified in this policy.

3.8 Note on how employee salaries are taken into account when designing the Remuneration Policy

The Remuneration Policy is the basis for determining the remuneration policy for employees at all Company levels. More detailed regulation of remuneration for the entire Company is provided in implementation acts separately for the management board, management and employees with contracts in line with the collective agreement, taking into account the scope of responsibilities and level of powers.

The fixed remuneration of the management board members is limited to a multiple of the average gross salary of the Company's employees as follows:

- up to 5.5 times the average gross salary in the Company for the chair of the management board and
- up to 4.5 times the average gross salary in the Company for members of the management board.

3.9 Legal transactions related to remuneration

The remuneration of management board members is set out in the employment contract. The employment contract specifies types of remuneration in accordance with this Remuneration Policy.

Management board members conclude employment contracts based on the Slovenian Employment Relationships Act, the Company's articles of association, the Insurance Supervision Agency's authorisation and the current legislation regulating companies and the insurance business. The employment contract with a management board member is also deemed an employment contract under employment law.

Duration of a contract

Employment contracts with management board members are concluded for a fixed term, namely, for the duration of their term of office (five years).

Conditions for terminating an employment contract

The employment contract with a management board member terminates on the day of termination of the term of office of the management board member.

The term of office of a management board member terminates:

- due to expiry of the term of office,
- due to his or her dismissal by the supervisory board,
- due to his or her resignation from the function,
- due to a mutually agreed termination of his or her function or
- for other reasons that result in the termination of the term of office in accordance with legislation.

Notice periods

A management board member may terminate a contract with a six-month notice period.

3.10 Remuneration of management body members in the case of dual mandates

Sava Re management board members are not remunerated for serving on supervisory boards of subsidiaries or performing other tasks in such companies. When attending sessions of subsidiaries' supervisory bodies, they are entitled to reimbursement of travel expenses from subsidiaries.

4 Temporary derogations from the Remuneration Policy

Temporary derogations from the Remuneration Policy are only allowed in exceptional circumstances.

Exceptional circumstances arise when derogating from this Remuneration Policy is necessary for pursuing the long-term interests and sustainability of the Company as a whole and for ensuring its assets. The assessment of long-term interests may, among other things, consider the long-term financial performance of the Company, its competitiveness and generation of higher returns for shareholders, or a potential change in key business conditions after the general meeting decides on the Remuneration Policy – for example, due to a merger or acquisition agreement or in circumstances in which the current Remuneration Policy would no longer be reasonable. Exceptional circumstances that grant the possibility of temporarily derogating from the Remuneration Policy also include potential legislation changes (e.g. changes in tax regulations).

The components of remuneration that may temporarily deviate from the adopted policy are variable remuneration and other entitlements (such as benefits and other special cash benefits).

Any temporary derogation from the Remuneration Policy is decided with a resolution of the supervisory board at the proposal of the nominations and remuneration committee.

5 Guidelines for designing the Remuneration Policy in Sava Insurance Group companies

Sava Re as the parent company of the Sava Insurance Group adopts guidelines for designing remuneration policies for members of management and supervisory bodies for all Group companies, with guidelines for designing remuneration policies for members of management and supervisory bodies for companies with registered office outside the EU, taking into account the specifics of a particular company, its business environment and local legislation.

6 Final provisions

The Remuneration Policy for Members of Management and Supervisory Bodies of Sava Re d.d. enters into force once the general meeting decides on it following a consultation and applies from 1 January 2024.

Upon entry into force of this policy, the Remuneration Policy for Members of the Supervisory and Management Bodies of Sava Re d.d., which was presented to Sava Re's general meeting at the 39th session of 5 June 2023, ceases to apply.

Any deviations from this Remuneration Policy in the internal methodology for determining the variable remuneration of Sava Re's management board members and in management board members' contracts will be corrected within a year of the general meeting's approval of this Remuneration Policy.



Davor Ivan Gjivoje Jr
Chairman of the Supervisory Board of Sava Re d.d.

Ljubljana, 4 April 2024

7 Appendix

Grounds for selecting categories for determining the base salary of management body members

Complexity of operations criteria

Company size (quantitative factors)			
SSH criterion	Fulfilment of the criterion	Sava Insurance Group's category	Sava Re's category
Asset value	over EUR 200 million	5	5
Net premiums earned	over EUR 100 million	5	5
Number of employees	over 500	5	5
Complexity of operations (qualitative factors)			
SSH criterion	Complexity level	Sava Insurance Group's category	Sava Re's category
Organisational complexity			
Number and size of subsidiaries, regulation complexity, complexity of risk management	high	5	5
Internationalisation of business			
Number and size of subsidiaries abroad, share of revenue generated abroad, connection with the international business environment	high	5	5
Complexity of the direct economic environment			
Competition in the industry, competition in major markets, industry development stage, importance of research and development	high	5	5
Complexity of key products			
Development phase, technological complexity, risks, growth potential, etc.	high	5	5
Regulated activity			
Level of revenue/cost regulation, provision of public services, etc.	medium	5	5
Average value of factors		5	5

Grounds for categorising Sava Re and the Sava Insurance Group for each qualitative factor of operations' complexity

Sava Re is a reinsurance company and the parent company of the Sava Insurance Group. Sava Re is the largest reinsurance company domiciled in central and eastern Europe, servicing more than 450 partners in over 110 insurance and reinsurance markets worldwide. The Group is one of the leading insurance groups in the region, with a presence in six countries of the Adriatic region (apart from Slovenia, also in Croatia, Serbia, Montenegro, North Macedonia and Kosovo).

Sava Re shares are listed on the Ljubljana Stock Exchange and are part of the SBI TOP, the Slovenian blue-chip index. Sava Re maintains "A"-level long-term financial strength ratings, with a stable outlook, by both S&P Global Ratings and AM Best.

In 2023, the Sava Insurance Group increased its business volume by 14.4% to EUR 910.1 million. The net profit of EUR 64.7 million was a 37.8% increase over the previous year and better than planned. Return on equity was 10.8%, exceeding the target.

The performance highlights of the Sava Insurance Group and Sava Re d.d. are set out in the Company's public announcement of 7 March 2024 and are also available via the SEOnet information system (https://seonet.ljse.si/default_en.aspx?language=en) and from the Company's official website (<https://www.sava-re.si/en-si/>).

We focus on our customers and design our services around their needs. We are expanding the Group's life, non-life, health and pension insurance services, asset management business and other complementary activities. This allows us to strengthen and refine our service range, evolving into a comprehensive provider of services at all stages of our customers' lives. Thus, we make sure that all customers are among good people because at the Sava Insurance Group we always place them at the centre and work towards the best possible solutions for them.

The Group's risk management system is a cornerstone of the governance framework. The Company is aware that this area is key to achieving operational and strategic goals and to ensuring the long-term solvency of the Company and the Group. Therefore, the Company is continuously improving its risk management system at the Group level. The Company's strong risk culture is essential to its security and financial stability and to achieving its goals. In order to establish good risk management practices, the Company promotes a risk management culture with appropriately defined remuneration for employees, employee training and relevant internal information flow. The Company has implemented a risk strategy that defines the risk appetite and policies that cover the entire framework of risk management, its own risk and solvency assessments (hereinafter: ORSA) and risk management for each risk category. Risk management is one of the key processes in insurance business; it is also regulated by the law and measured with the Solvency II system, and as a result it is a complex area.

Group companies operate in different, highly competitive markets. Each market has domestic as well as foreign competitors (foreign-owned insurance companies), and a high level of flexibility is required. The majority of the Group's markets are at the stage of intensive development and provide opportunities for high organic growth. Competition in the international reinsurance market is similarly challenging, and the complexity is due to the high number of markets where we operate. Management of investment portfolios is an important element of insurance companies' operations, which strongly depend on general economic and geopolitical circumstances, and events in financial markets. The volume of premiums in each insurance market correlates to the GDP and is thus highly sensitive to economic developments.

Customer at the centre and business process optimisation, the key priorities of the 2023–2027 strategy, will also be achieved through continued investment in IT and its technological transformation. The projects launched by the Group in the previous strategy period will have a significant impact on the Group's competitiveness in the next strategy period. Using new IT systems, the Group companies are working to achieve their digitisation goals and to adapt their services to the needs and changing buying habits of their customers. This part of the strategy is essential to ensure stable revenue growth for the Group in the future. The activities of the Company and the majority of other Group companies are financial and, as a result, are regulated in detail by relevant laws. All aspects of Sava Re and other Group companies' operations are monitored and overseen by individual market supervisors.

The upper limit for fixed remuneration of Sava Re's management board members based on the average value of qualitative and quantitative factors of operations' complexity

Based on the calculation of the average value of qualitative and quantitative factors of operations' complexity, the upper limit for fixed remuneration of Sava Re's management board members is set at the monthly gross amount of EUR 20,000.00.



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