ANNUAL REPORT
OF THE INTERNAL AUDIT DEPARTMENT
ON INTERNAL AUDITING
FOR 2024

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1   INTRODUCTION

The internal audit department has prepared the Annual Report on Internal Auditing for 2024 pursuant to Article 165 of the Slovenian Insurance Act (ZZavar-1), the Internal Audit Policy of Sava Re d.d. (Sava Re), the Strategy of the Internal Audit Department (IAD) for 2023–2027 and the Annual Work Plan of the IAD for 2024.

This report includes:

- a report on the organisational independence of the internal audit department;
- an assessment of the effectiveness and efficiency of Sava Re's internal controls, risk management and corporate governance;
- an overview of the implementation of the annual work plan, including deviations therefrom;
- a summary of the main conclusions of the internal audit engagements;
- an overview of the implementation of recommendations to remedy deficiencies and irregularities;
- an overview of the implementation of other IAD activities (employees, education and training);
- a summary of the internal audit quality assurance and improvement programme.

1.1   Organisational independence of the internal audit

The IAD is an independent organisational unit, functionally and organisationally separate from other units of Sava Re. Administratively, it reports to Sava Re's management board, whereas functionally it reports to Sava Re's management board, supervisory board and its audit committee. This ensures the autonomy and organisational independence of the IAD's activity.

In accordance with the Slovenian Insurance Act and on the basis of outsourcing agreements, Sava Re d.d. has performed the key functions of internal audit for the following companies for an indefinite period: Zavarovalnica Sava d.d., Vita, Življenjska Zavarovalnica, d.d., Sava Pokojninska Družba d.d. and Sava Infond d.o.o.

The director of the IAD Polonca Jug Mauko was appointed as the internal audit key function holder of Sava Re d.d. and Zavarovalnica Sava d.d., as well as the internal audit key function holder at the level of the Sava Insurance Group.

As the internal audit function holder:
- I am autonomous,
- I operate independently,
- I am not subject to any binding instructions from employees in the performance of my key function, and I am not impeded in the performance of my statutory duties.

In 2024, the internal audit function covered all key risks and was not constrained in any way (in terms of staff, technical means, etc.) in the performance of its duties.

Internal audit conducts internal audit reviews in accordance with the hierarchy of rules of internal auditing adopted by the Slovenian Institute of Auditors on the basis of the law governing auditing, and written rules of the internal audit function.

2 ASSESSMENT OF THE EFFECTIVENESS AND EFFICIENCY OF SAVA RE'S INTERNAL CONTROLS, RISK MANAGEMENT AND CORPORATE GOVERNANCE

As the internal audit key function holder, I have assessed the effectiveness and efficiency of the internal control system and risk management in 2024 based on the internal audit engagements carried out. Internal audit is a risk-based, continuous and comprehensive supervision of the Company's operations with the objective of verifying and assessing whether the risk management, internal control and corporate governance processes are adequate and functioning in such a way as to ensure the achievement of the Company's key goals. The internal control system is defined as the totality of the risk management, control and governance processes of the Company and the Group that enable the achievement of the Company's significant goals. The audit engagements covered all key risks of the Company.

Based on all tests carried out and methods used in individual areas that we audited, I, as the internal audit key function holder, believe that Sava Se has adequate internal controls in place that are of **GOOD** reliability. I also believe that Sava Re's governance was adequate and that it is being continuously improved to ensure the achievement of key business goals, and that Sava Re's risk management was efficient and aimed at ensuring effective and economical operations. There is still room for improvement in the operation of the system. The internal audit engagements have identified certain irregularities and deficiencies, which the IAD has pointed out and made appropriate recommendations for their remedy to ensure further improvement of the Company's internal controls, risk management and corporate governance. This leads to greater efficiency of internal controls and enhances the regularity of operations.

The IAD's recommendations have been actively implemented by those responsible. However, some additional time will be needed to implement the recommendations made in the last quarter of the year and those related to the improvement of information technology, documentation management, compliance and the revision of internal regulations.

In the standard internal audit engagements, due consideration was given to potential instances of fraud and exposure, as well as the potential vulnerability of IT support to operations and ethical and sustainable behaviour. Internal control systems were in place in the areas audited and were working to prevent the occurrence of fraud. The audits also resulted in recommendations for the improvement of the IT system.

3 OVERVIEW OF THE IMPLEMENTATION OF THE 2024 ANNUAL WORK PLAN

In 2024, the IAD carried out internal audit engagements and other activities in accordance with the Annual Work Plan of the IAD for 2024. In carrying out the planned audits – specifically, the audit of the company's receivables management (5_R_2024/SRe) and the audit of the claims process (6_R_2024/SRe) – we carried out a risk assessment and decided that it would be more prudent to carry out these audits in 2025. By then, the IT CORE system will be fully implemented, allowing us to comprehensively assess governance, risk management and the internal control system from both a substantive and an IT perspective. These two audit engagements have been rescheduled for inclusion in the Annual Work Plan of the IAD for 2025.

Of the 41 internal audit engagements planned, 39 were performed:

1) 1_R_2024/SRe Audit of access and change management for ASP.ins databases;

2) 2_R_2024/SRe Audit of the authorisation system and the process for managing potential conflicts of interest;

3) 3_R_2024/SRe Audit of the system for concluding contracts with audit firms;

4) 4_R_2024/SRe Audit of the compliance function and the whistleblower protection process;

5) 7_R_2024/SRe Audit of the labour cost accounting process at the Group level;

6) 8_R_2024/SRe Audit of compliance with sustainability requirements (cooperation with the compliance function);

7) 9_R_2024/SRe Audit of the IT governance process;

8) 10_R_2024/SRe Continuous auditing – IT;

9) 1_SV_2024/SRe Consulting engagement – SimCorp software package compliance with legal and regulatory requirements;

10) 2_SV_2024/SRe Audit of maturity of the IT governance process – COBIT 2019 in the Sava Insurance Group;

11) 3_SV_2024/SRe Informal consulting engagements;

12) 1_SOD_2024/SRe Audit of the system for concluding contracts with audit firms – Illyria;

13) 2_SOD_2024/SRe Audit of the system for concluding contracts with audit firms – Illyria Life;

14) 3_SOD_2024/SRe Audit of the system for concluding contracts with audit firms – SŽO;

15) 4_SOD_2024/SRe Audit of the system for concluding contracts with audit firms – SNO;

16) 5_SOD_2024/SRe Audit of the system for concluding contracts with audit firms – SO MKD;

17) 6_SOD_2024/SRe Audit of the system for concluding contracts with audit firms – SPD MKD;

18) 7_SOD_2024/SRe Audit of the system for concluding contracts with audit firms – SO MNE;

19) 8_SOD_2024/SRe Audit of the IT governance process– SŽO;

20) 9_SOD_2024/SRe Audit of the IT governance process– SNO;

21) 10_SOD_2024/SRe Audit of the IT governance process– SPD MKD;

22) 11_SOD_2024/SRe Audit of the IT governance process– SO MKD;

23) 12_SOD_2024/SRe Audit of the IT governance process – Illyria;

24) 13_SOD_2024/SRe Audit of the IT governance process – Illyria Life;

25) 14_SOD_2024/SRe Audit of the IT governance process– SO MNE;

26) 15_SOD_2024/SRe Audit of labour cost accounting – Illyria;

27) 16_SOD_2024/SRe Audit of labour cost accounting – SO MNE;

28) 17_SOD_2024/SRe Audit of labour cost accounting – SŽO;

29) 18_SOD_2024/SRe Audit of labour cost accounting – SNO;

30) 19_SOD_2024/SRe Audit of labour cost accounting – SO MKD;

31) 20_SOD_2024/SRe Audit of labour cost accounting – SPD MKD;

32) 21_SOD_2024/SRe Audit of labour cost accounting – Illyria Life;

33) 22_SOD_2024/SRe Group Audit collaboration – subsidiaries – SO MKD;

34) 23_SOD_2024/SRe Group Audit collaboration – subsidiaries – SPD MKD;

35) 24_SOD_2024/SRe Group Audit collaboration – subsidiaries – SO MNE;

36) 25_SOD_2024/SRe Group Audit collaboration – subsidiaries – SŽO;

37) 26_SOD_2024/SRe Group Audit collaboration – subsidiaries – SNO;

38) 27_SOD_2024/SRe Group Audit collaboration – subsidiaries – Illyria;

39) 28_SOD_2024/SRe Group Audit collaboration – subsidiaries – Illyria Life.

4 SUMMARY OF THE MAJOR CONCLUSIONS OF THE AUDIT ENGAGEMENTS PERFORMED

On the basis of risk ratings, internal audit performed ongoing and comprehensive supervision of the Company's operations to verify and assess whether the Company's risk management processes, control procedures and corporate governance are adequate and work in such a way as to ensure the achievement of the Company's following important goals:

- effective and efficient operations, including meeting business and financial performance targets, and safeguarding assets against loss;
- reliable, timely and transparent internal and external financial and non-financial reporting;
- compliance with laws and other regulations, including internal rules;
- the management of the Company's IT to support the delivery of the Company's strategy and goals;
- the assessment of the risk of fraud and how it is managed by the Company.

The IAD provided ongoing written reports to the auditees and submitted reports for information as well as conclusions and recommendations for adoption by the Company's management board. It reported regularly on the implementation of these recommendations to the management board, audit committee and supervisory board based on feedback received from those responsible for the implementation of the recommendations.

The IAD provided a more detailed overview of the internal audit engagements, including conclusions, irregularities and recommendations, in its quarterly reports to the management board, the audit committee and the supervisory board.

The IAD assesses the adequacy, effectiveness and efficiency of the risk management and internal control system in accordance with standard 2410.A1. We use the following rating scale to assess the internal control system in accordance with the methodology of the Sava Insurance Group:

VERY GOOD – The control system of the audited organisational unit is very good in every respect; the internal controls in place are strong; all key controls are operating, and there are no deviations. Supervision is optimal. The risk is very low. There are no findings with a medium or high risk rating.

GOOD – The control system is generally good; minor weaknesses can be addressed by the head of any business function (area)/ organisational unit in the course of the business process. Management has good control of business operations and ensures that responsibilities and authority are exercised. In the event of deviations, immediate action is taken, and procedures are continuously improved. Supervision is carried out regularly. The risk is low. One to two findings with a medium risk rating and no findings with a high risk rating.

ADEQUATE – A combination of some deficiencies in the control system requires immediate corrective action by the head of the business area / organisational unit. Management is aware of the required monitoring and supervision; procedures and responsibilities are roughly defined. Supervision is occasional. The risk is medium. Most findings are rated as medium risk.

INADEQUATE – Major deficiencies in the control system undermine operations and must be immediately addressed by the head of the business area / organisational unit as a matter of priority. Supervision is not carried out according to formal written procedures and is left to individuals. The risk is high. There are findings rated as high risk.

UNSATISFACTORY – There is a high degree of major deficiencies (non-compliance, complete lack of controls), requiring a complete reorganisation of the business area / organisational unit. There is no supervision. The risk is very high.

Despite the given scale and in view of the professional and ethical standards required of the certified internal auditor, part of the assessment of the internal control system remains the discretion of the certified internal auditor.

Below is a brief summary of the key conclusions in the audited areas in Sava Re (internal audit collaborations with subsidiaries are not included, since these engagements are included in subsidiaries' annual internal audit reports).

Audit of access and change management for ASP.ins databases (1_R_2024/SRe)

The audit covered a review of access and change management for ASP.ins databases. We conducted the audit based on the COBIT 2019 IT governance and management framework, namely on the parts that relate to security services management (DSS05 – Managed Security Services) and the processes of managing service requests and incidents (DSS02 – Managed Service Requests and Incidents).

Based on the audit procedures carried out, we assessed the adequacy, effectiveness and efficiency of the risk management and internal control system in the reviewed processes of the area audited as **ADEQUATE**.

We made three recommendations, of which one was considered high risk (audit trail analytics) and two medium risk (privileged user management and copy of regularly updated production database).

Audit of the authorisation system and the process for managing potential conflicts of interest (2_R_2024/SRe)

The audit covered a review and assessment of the adequacy of the authorisation system and the process for managing potential conflicts of interest.

Based on the audit procedures completed, we assessed the adequacy, effectiveness and efficiency of risk management and the internal control system with respect to the processes of the audited area related to the authorisation system as **ADEQUATE** because the authorisation management process does not ensure the transparency and traceability of the authorisations issued for invoice approval in the mDocs application. The authorisations of the persons responsible for approving invoices are not officially established in the mDocs application. The process of managing potential conflicts of interest was assessed as **GOOD**, and the area as a whole was assessed as **ADEQUATE**.

We made four recommendations – two were considered low risk and related to the revision of the Rules on the Management of Conflicts of Interest and the regular provision of training to employees on the management of conflicts of interest through the Smart Arena application, while the other two were considered medium risk and related to the revision of the Rules on Authorisations and the regulation of a comprehensive system of authorisations, as well as the alignment of the Rules on Authorisations with the new system of authorisations and other related internal regulations.

Audit of the system for concluding contracts with audit firms (3_R_2024/SRe)

The audit covered a review of the system for concluding contracts with audit firms and is carried out annually in accordance with the requirements of the Policy for Ensuring the Independence of the Auditor of the Financial Statements of Sava Re d.d. and the Sava Insurance Group.

Based on the audit procedures carried out, we assessed the adequacy, effectiveness and efficiency of the risk management and internal control system in the audited processes of the area audited as **VERY GOOD**.

Audit of the compliance function and the whistleblower protection process (4_R_2024/SRe)

The audit covered a review and assessment of the compliance with and the effectiveness of the key compliance function, as well as a review and assessment of the adequacy of establishing a whistleblower protection process. Based on the audit procedures carried out, we assessed the adequacy, effectiveness and efficiency of the risk management and internal control system in the audited processes of the area audited as **GOOD**.

We made eleven recommendations, of which eight were assessed as medium risk and two as opportunities for improvement. The recommendations primarily address the resolution of administrative matters, both in the operation of the compliance function and in the establishment of a whistleblower protection system. They also focus on implementing good business practices by introducing regular monthly meetings for all key compliance function holders at the Group level.

Audit of the labour cost accounting process at the Group level (7_R_2024/SRe)

The audit covered a review and assessment of the adequacy of the salary and travel order accounting process at the Group level.

Based on the audit procedures carried out, we assessed the adequacy, effectiveness and efficiency of the risk management and internal control system in the audited processes of the area audited as **GOOD**.

Sava Re's IAD provided professional support in conducting audits of the salary and travel order accounting process in the subsidiaries of the Sava Insurance Group. In addition, it carried out a review of the process at the Group level and made recommendations for individual companies. Summaries of internal audits in subsidiaries are not provided, as they are included in the annual internal audit reports of the respective subsidiaries.

Audit of compliance with sustainability requirements (cooperation with the compliance function) (8_R_2024/SRe)

The audit included a review of the Company's compliance with regulatory requirements related to sustainability and best practice. The audit was carried out in cooperation with the compliance function, which drafted its own report.

Based on the audit procedures carried out, we assessed the adequacy, effectiveness and efficiency of the risk management and internal control system in the audited processes of the area audited as **GOOD**.

We made eight recommendations, of which three were assessed as medium risk, three as low risk and two as opportunities for improvement. We consider the area's organisation appropriate, and the Group governance and the flow of information on sustainable development adequate. The Company has adopted a sustainable development strategy and defined strategic goals and related KPIs; however, as targets have not yet been set for some KPIs, we have made a recommendation. We also recommended that an assessment of progress against the strategic goals be carried out and that action plans be developed based on the results. With regard to sustainability reporting, we recommended that the Company adopt an internal act defining the implementation of a double materiality analysis and the review and update of GAM. With regard to sustainability governance, we recommended that the business line manager monitor and ensure that subsidiaries align their internal regulations with the Group sustainable development policy, which was revised in 2024. We determined that the Company has integrated sustainability risks into its risk management process and established a sustainability opportunities register. However, systematic monitoring of the realisation of these opportunities has not yet been implemented, and we recommended that such a process be put in place.

Audit of the IT governance process (9_R_2024/SRe)

The audit included a review and assessment of the maturity, effectiveness and efficiency of the IT governance processes defined in COBIT 2019 and a follow-up to the previous COBIT 2019 audit. Based on the audit procedures completed, we assessed the process as **ADEQUATE**.

We have made six recommendations, which we considered as medium risk, relating to KPI management, asset inventory, external service providers and business continuity.

The internal audit showed progress in the adherence to controls compared to the results of the assessment from 2020, 2021, 2022, 2023 and 2024, however, there are still opportunities for improvement, especially in the areas of monitoring quality. Based on the internal audit engagement performed, we believe that Sava Re's IT governance process is not yet at an adequate level to fully comply with COBIT 2019 requirements and has not yet reached the level of control and process maturity in all areas that Sava Re has set for itself.

Continuous auditing – IT (10_R_2024/SRe)

The continuous auditing covered the following activities throughout the year:

- participation in the meetings of Sava Re' IT security committee;
- participation in the IT security committee briefing;
- participation in monthly meetings with CIOs (IT directors) of the Group;
- assistance in the preparation of the security policy documentation on security checks;
- drafting of the DORA GAP document (documentation review and preparation) and participation/meetings as part of the DORA project;
- presentation of the Regulatory Technical Standards (RTS) as part of the DORA project;
- collaboration with IT business line manager, Matjaž Stražišar, on the DORA questionnaire for Vita;
- monitoring of the CORE Sava Re (SAP) project, including project team meetings;
- review of the implementation of IT-related audit recommendations;
- review of external audit recommendations;
- review of applications in non-IT audits;
- monitoring of the 2bSecure presentation – Veriti (a security platform covering all devices);
- reviews of conducted security analyses and penetration tests.

Based on the audit procedures carried out, we assessed the adequacy, effectiveness and efficiency of the risk management and internal control system in the reviewed processes of the area audited as **ADEQUATE**.

One recommendation considered as medium risk was made to set up requests in SysAid to provide periodic reminders to perform access rights reviews at selected intervals.

5   OVERVIEW OF THE IMPLEMENTATION OF RECOMMENDATIONS TO REMEDY DEFICIENCIES AND IRREGULARITIES

The IAD periodically reports on the status of the implementation of recommendations or proposals made following the identification of irregularities or deficiencies. Between 1 January and 31 December 2024, 68 recommendations were monitored. Based on the internal audits carried out, we made 35 recommendations in 2024.

Of the 68 recommendations made to Sava Re, 42 have been implemented (of these 5 opportunities for improvement), 17 remain pending, and 9 had their implementation deadline extended. As at 31 December 2024, 100% of overdue recommendations and 81% of all recommendations were implemented.

6   STAFF, TRAINING AND OTHER ACTIVITIES

In 2024, the IAD had eleven employees. Of these, six were certified internal auditors, one was CIA-licensed, and two were certified information systems auditors. Three employees are in the process of attaining the title of certified internal auditor. The staff also hold the following licences: CISA, CRISC, CISM, CSX, COBIT Foundation, lead assessor for ISO 9001, ISO 22301, ISO/IEC 27001, 27017, 27018, ISO/IEC 20000, PCI DSS ASV, PCI DSS QSAVP, EIDAS, NPK security manager, WLA, EL RGS, ZVDAGA, VP ENTSO-E, certified public sector accountant, certified state internal auditor, internal assessor for ISO 9001, ISO 14001, ISO 18001, ISO 45000 and IIA Quality Assessment.

I believe that the number and structure of the IAD staff will enable the proper fulfilment of planned activities, provided that there are no prolonged unplanned absences and/or increased unplanned workloads. In 2024, the internal audit function covered all key risks and was not constrained in any way (in terms of staff, technical means, material, etc.) in the performance of its duties.

In 2024, IAD employees received training in various areas. In addition to the training sessions held by the Slovenian Institute of Auditors, ISACA, the Slovenian Institute of Internal Auditors (IIA) and other international IIAs, the Slovenian Sovereign Holding (SSH), the Slovenian Insurance Association (SIA), the Insurance Supervision Agency (ISA), the Bank Association of Slovenia (ZBS), in-house training sessions in various areas, sustainability, IT, compliance and internal audit, and international web-based seminars, we also regularly followed articles on current topics related to the internal audit, (re)insurance, accounting, finance, tax and sustainability. A workshop for internal auditors of the Group was also successfully conducted as part of the Sava Insurance Group Conference for internal audit, procurement, compliance, DPO and IT, with artificial intelligence (AI) as the main topic.

In 2024, the IAD produced the Annual Work Plan of the IAD for 2025, the Strategy of the IAD for 2025–2027, four quarterly internal audit reports for October–December 2023, January–March 2024, April–June 2024 and July–September 2024, and its 2023 annual report.

The director of IAD regularly attended the meetings of the management board, supervisory board and its audit committee, the risk management committee and the Company's executive meetings. Operations were also monitored by reviewing the documents prepared for the meetings of the management board, the risk management committee and the executive meetings. Other activities include managing the department. Employees were interviewed on an annual basis, and personal objectives were set for 2024/2025, as well as an evaluation of the work of IAD employees throughout the year.

The IAD was involved in regular quarterly risk assessments at the Sava Insurance Group and Sava Re levels, and also contributed to the SFCR and RSR reports. It was also involved in the IAD-related parts of the 2025 planning process, and in the IAD-related section of the Sava Insurance Group's annual report.

Cooperation with the external auditor included coordinating work, following up on pre-audit and post-audit conclusions, and participating actively in joint meetings.

While strengthening the IAD in 2024, we further improved the implementation of software support for the comprehensive internal auditing process (enhancement of the K10 software support) at the Sava Insurance Group level. We also updated our continuous auditing methodology, which we have been using since 2021. The Group Internal Audit process, introduced in all Sava Insurance Group companies in 2021, was further improved in 2024.

The Company's internal audit policy was updated at the end of 2024, with effect from 1 January 2025. Based on any additional professional clarifications regarding the new Global Internal Audit Standards™, which will come into force on 9 January 2025, we will review the internal audit policy by the end of 2025 and make adjustments as necessary.

In 2025, we will finalise and prepare an updated methodology for the Quality Assurance and Improvement Programme (QAIP) in line with the new Global Internal Audit Standards (GIAS) and the Quality Assessment Manual 2024, as part of the monthly internal audit function development meetings at the Group level.

The IAS provided technical assistance to the subsidiaries' internal auditors in the areas of methodology, updating work programmes for individual internal audit engagements, providing software support for the comprehensive internal audit process and training new employees in the subsidiaries. All the Group's internal auditors met at least monthly, and there was active cooperation between the Company's and the Group's key function holders.

7   IAD QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The internal audit quality assurance and improvement programme is developed and maintained as an ongoing activity. The programme includes periodic internal self-assessments, external quality assessments, and continuous monitoring and evaluation of the quality of work undertaken.

The external assessment of the quality of the internal audit in the Company in 2024 was performed by BDO Revizija d.o.o. Based on the procedures carried out during the external assessment of the IAD, the external assessment confirmed that internal audit operations are in compliance (awarding the rating of "generally conforms" according to the BDO scale). This assessment complies with the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of Internal Auditors and the Code of Internal Audit Principles. In accordance with the requirements of the standards, the IAD also performed a quality assessment of its activities – a regular annual self-assessment of its operations. The IAD director reports on the results of this programme to the management board and the supervisory board's audit committee. The results showed the compliance of internal audit activities with the definition of internal auditing, the standards and the code of ethics. In accordance with the internal audit guidelines, we amended the IAD quality assurance and improvement programme to include statements on the compliance of the internal auditor's activities with the standards and the code of ethics, and on the disclosure and avoidance of conflicts of interest.

In 2025, we will finalise and prepare an updated methodology for the Quality Assurance and Improvement Programme (QAIP) in line with the new Global Internal Audit Standards (GIAS) and the Quality Assessment Manual 2024, as part of the monthly internal audit function development meetings at the Group level. At the same time, we will update the Internal Audit Manual, reviewing BDO's proposed improvement opportunities and making adjustments accordingly or as required by the new GIAS.

We continued our activities to improve and complement our working methodology, particularly in terms of further development of the internal audit process with the internal audit application, the

overall opinion and the continuous audit of key processes. We have also updated the Internal Audit Policy and the Internal Audit Manual.

After each completed audit, a questionnaire was sent to the auditees to monitor their satisfaction with the audit engagement. Overall, the auditees were satisfied with the IAD's work and occasionally provided comments and suggestions on their expectations for the future. The average score of all returned questionnaires was 3.76 out of a maximum of 4.

In early 2025, we sent a questionnaire to the members of the management board, the supervisory board and its audit committee to assess their satisfaction with the internal audit function (for the internal audit maturity model). The average score of all returned questionnaires was 3.95 out of a maximum of 4. The management board sees the internal audit as an important component of the Company's risk management framework and believes the internal audit plays an important role in the Company. The responses to the questionnaire provide important input for the design of the internal audit quality assurance and improvement programme. In December 2024, the members of the supervisory board's audit committee and the holder of the internal audit key function had a separate annual interview at the audit committee session without the management board present. The holder of the internal audit key function attends all audit committee sessions, giving committee members more opportunity for independent discussions with the function holder.

In March 2025, we prepared and submitted to the audit committee the Internal Audit Quality Improvement Programme of Sava Re d.d., together with a self-assessment of our work in 2024. We have also reviewed our independence against an established internal audit checklist and have not identified any audit in which our independence has been compromised or impaired. The IAD has also foreseen a performance assessment in its annual work plan. It also follows up on the implementation of the recommendations it makes to the management board. In 2024, all the proposed recommendations were adopted by resolution of the management board and submitted to those responsible for their implementation.

As director of internal audit, I believe that the activity of the IAD in 2024 was compliant with the standards and that the annual work plan was implemented very successfully.

Director of Internal Audit and Internal Audit Function Holder

Polonca Jug Mauko

Appendix 1: Glossary

Abbreviation	Meaning
ASP.ins	Application to support insurance underwriting processes in Sava Re subsidiaries
CFE	Certified Fraud Examiner
CIA	Certified Internal Auditor
CISA	Certified Information System Auditor (upgraded with the Slovenian Institute of Auditing – PRIS certificate – certified information system auditor)
CISM	Certified Information Security Manager (this qualification makes you a CISO or Chief Information Security Officer)
COBIT 2019	Information and Technology Governance Framework
CORE ERP/systems	Software solution for a key business process
CRISC	Certified in Risk and Information Systems Control
EIDAS	REGULATION (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 999/93/EC
EU	European Union
IIA	Institute of Internal Auditors
ISACA Slovenia	Information Systems Audit and Control Association of Slovenia
ISO 14001	International Standard for Environmental Management Systems, which covers the management of the environmental aspects of a production or service activity (Environmental Management System)
ISO 22301	Business continuity management system
ISO 45000	Occupational health and safety management system
ISO 9001	Quality management system
ISO/IEC 20000	Service management system
ISO/IEC 27001, 27018	Information security management system, an international standard about privacy in cloud computing services (Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors)
IT	Information technology
MS Teams	Microsoft Teams – Microsoft's communications application (meetings, calls, video calls, messaging, screen sharing, etc.)
IFRS	International Financial Reporting Standards
IA	Internal audit
SB	Supervisory board
P2P	Sava Re's internal peer-to-peer coaching
PCI DSS ASV	Payment Card Industry Data Security Standard Automatic Scanning Vendor
PCI DSS QSA	Payment Card Industry Data Security Standard Qualified Security Auditor
PJM	Polonca Jug Mauko
REP	Report
Q4	Fourth quarter
AC	Audit committee
SIMCORP	Software for an integrated asset management system, improved investment decisions and overview of the entire business operation in one system – including SimCorp
IAD	Internal audit department
SOC	Security operations centre
x_F_201x/company	Audit designation – follow-up audit
x_R_201x/company	Audit designation – standard audit
x_SOD_201x/company	Audit designation – consulting/collaboration in an audit of a subsidiary
x_SV_201x/company	Audit designation – consulting engagement
ZISDU-3	Investment Funds and Management Companies Act
ZZavar-1	Slovenian Insurance Act
Companies of the Sava Insurance Group	
SRe	Sava Re
ZS	Zavarovalnica Sava
SPD	Sava Pokojninska Družba
SIn	Sava Infond
SPDMKD	Sava Penzisko Društvo (North Macedonia)
SNOSr	Sava Neživotno Osiguranje (Serbia)
SŽOSr	Sava Životno Osiguranje (Serbia)
SOMKD	Sava Osiguruvanje (North Macedonia)
SOMNE	Sava Osiguranje (Montenegro)
Illy	Illyria (Kosovo)
ILife	Illyria Life (Kosovo)
TBS	TBS TEAM 24
Vita	Vita, Življenjska Zavarovalnica

OPINION OF THE SUPERVISORY BOARD ON THE ANNUAL REPORT OF THE INTERNAL AUDIT DEPARTMENT ON INTERNAL AUDITING FOR 2024

In 2024, Sava Re's internal audit department (the IAD) carried out audits in the areas set out in its annual work plan for 2024.

The audit objectives pursued by the IAD were to verify whether the risk management procedures were adequate and efficient, and whether the internal controls and governance procedures in the reinsurer's most important operating segments were effective and efficient. The IAD assessed the adequacy of internal controls to prevent fraud and the potential vulnerability of IT business support.

A total of 39 internal audit engagements were carried out in Sava Re and its subsidiaries in 2024. In addition, the IAD collaborated in audits in several Group companies, and proposed 35 recommendations based on the audit engagements carried out at Sava Re. The supervisory board finds that the IAD operated in line with the guidelines of the supervisory and management boards and, with its recommendations, made a significant contribution to the risk management of Sava Re and the Sava Insurance Group.

Based on all the tests carried out and the methods used in the individual areas that we audited, the IAD believes that Sava Re's internal controls are adequate and that their reliability is good. Furthermore, it believes that the governance of Sava Re is appropriate and is continuously improving in order to achieve major business goals, and that risks are effectively managed while striving for efficient and economical operations. Nevertheless, there are still opportunities to improve the functioning of the internal control system. The internal audit engagements revealed certain irregularities and deficiencies, and the IAD made relevant recommendations for their elimination to ensure further improvement of Sava Re's internal controls, risk management and governance. The Company's management board is aware of the potential impact that the identified violations, irregularities and deficiencies may have on the achievement of the Company's key objectives, and it is therefore taking or seeking remedial action to address them. This leads to greater efficiency of internal controls and enhances the regularity of operations.

The members of the supervisory board monitored the effectiveness and efficiency of the IAD activity through quarterly reports and the annual report of the IAD. They received summaries of the internal quality assessment of the IAD. The external assessment of the quality of the internal audit in the Company in 2024 was performed by BDO Revizija d.o.o. Based on the procedures carried out during the external assessment of the IAD, the external assessment confirmed that internal audit operations are in compliance (awarding the rating of "generally conforms" according to the BDO scale). This assessment complies with the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of Internal Auditors and the Code of Internal Audit Principles.

Based on the above, the supervisory board hereby gives a positive opinion on the Annual Report of the IAD on Internal Auditing for 2024.

Ljubljana, 3 April 2025

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