

Pursuant to Article 258 of the Companies Act and Article 64 of the Articles of Association of POSLOVNI SISTEM MERCATOR, d. d., the company Supervisory Board adopted on February 27<sup>th</sup> 2007 the Rules of Procedure of the Supervisory Board of Poslovni sistem Mercator, d.d.; at subsequent meetings held on November 11<sup>th</sup> 2008, and February 26<sup>th</sup> 2009, further amendments to the Rules of Procedure were adopted. Following is the consolidated text of the currently effective document:

## **RULES OF PROCEDURE OF THE SUPERVISORY BOARD OF POSLOVNI SISTEM MERCATOR, D. D.**

### **I. GENERAL PROVISIONS**

#### **Article 1**

These Rules of Procedure are adopted by the Supervisory Board of the company Poslovni sistem Mercator, d.d., (hereinafter referred as the Supervisory Board), pursuant to the Companies Act, company Articles of Association, and the Corporate Governance Code for Publicly Traded Companies, to define the methods of its work, convocation of meetings, and other affairs relevant to the Supervisory Board's work.

### **II. SUPERVISORY BOARD COMPOSITION**

#### **Article 2**

The Supervisory Board consists of 12 members.

The number of Supervisory Board members shall be defined by the Shareholders Assembly by adopting the Act on the Appointment of Supervisory Board.

Members of the Supervisory Board representing the interests of the shareholders shall be appointed by the Shareholders Assembly; while the Supervisory Board members representing the interests of the workers, shall be appointed, as provided in the Worker Participation in Management Act, by the Works Council; upon doing so, the Works Council shall inform the Shareholders Assembly or the company Management Board on the appointment of the Supervisory Board members.

All candidates for Supervisory Board members must, as a general rule, meet the general conditions, as follows: at least level VII education and at least 5 years of experience in business. Furthermore, the candidates must, as a rule, meet the following specific conditions:

- relevant expert and professional knowledge required for efficient performance of the term, and comprehensive knowledge of business administration;
- familiarity with the trade industry in Slovenia and in the markets of SE Europe;
- relevant documents and certificates of knowledge and qualification, proving the candidate's fitness to work in a Supervisory Board;
- a strong sense of business ethics and personal integrity;
- sufficient time available.

A candidate for the Supervisory Board member must submit a written statement declaring that there are no circumstances which, pursuant to the provisions of Article 255 of the Companies Act, could oppose or preclude her or his appointment.

At least one Supervisory Board member should have expert knowledge in finance and accounting.

When selecting the candidates, the Supervisory Board or the Human Resource Committee, if appointed, must also take into account the restrictions listed in Article 4 herein.

If there are no suitable candidates among the employees of the company Poslovni sistem Mercator, d.d., (hereinafter referred to as the company) to represent the workers in the Supervisory Board, the Works Council is entitled to appoint independent candidates not employed at the company.

The number of representatives of the workers in the Supervisory Board is defined in the company Articles of Association. The procedure of their appointment and termination of their office / dismissal is regulated by a general Act; criteria of professional adequacy shall also be considered in the selection of candidates.

If the Works Council appoints a Supervisory Board member representing their interests from the broad management of the company, the company is obliged to publicly announce such appointment.

### **Article 3**

Supervisory Board members are appointed for a term of four years and they are eligible for reelection.

The Shareholders Assembly may prematurely dismiss the Supervisory Board members:

- at their own discretion;
- if the members are no longer capable of performing their function;
- if the members perform their function negligently or in a way that is harmful;
- for other reasons relevant to the company's operations.

A resolution on the dismissal for a Supervisory Board member requires at least a three quarter (3/4) majority of the votes present at the relevant Assembly.

Should a Supervisory Board member resign, she or he shall submit the Notice of Resignation to the Management Board and inform the Supervisory Board Chairperson about the resignation. The office of the Supervisory Board member shall be terminated when the Management Board receives the Resignation Notice.

### **Article 4**

A Supervisory Board member cannot be:

- member of the Management Board or Supervisory Board of a subsidiary of the company;
- company officer with statutory authority / holder of procuration;
- Management Board member at another company at which a Management Board member of Poslovni sistem Mercator, d.d., is a Supervisory Board member;
- a person who is a Supervisory Board or Management Board member at three other companies;
- a person employed at a competitive company or performing business activity that could be defined as competition to the operating activities of the company;

- a person who was convicted (with a final conviction) in the last five years for a criminal offence against a business, employment relationship and social security, legal proceedings, property, environment, space, and natural resources – if less than five years have passed since the final conviction, and if less than two years have passed since the end of prison sentence.

Throughout the term, Supervisory Board members must upgrade their education and develop their skills in the areas relevant to quality and efficient performance of their duties. Training and education of Supervisory Board members is motivated, organized, and financed by the company, in compliance with the estimated requirements of the company and the Supervisory Board.

Before the Shareholders Assembly at which the shareholders vote on the appointment of the Supervisory Board members, the candidates shall be presented in a fitting manner, and any potential conflicts of interest shall be revealed.

### **III. POWERS AND RIGHTS OF THE SUPERVISORY BOARD MEMBERS**

#### **Article 5**

Power and authority of the Supervisory Board members are defined in the Companies Act and the company Articles of Association.

Supervisory Board members representing capital shall represent the interests of all shareholders; while the representatives of workers shall represent the interests of all workers; all Supervisory Board members shall do so within the powers and authorities assigned to the Supervisory Board.

In their work, individual Supervisory Board members may not be excessively tied to the opinions or instructions by those that appointed them or proposed them for appointment; rather, each Supervisory Board shall be personally fully responsible and accountable for their function. All Supervisory Board members shall have equal rights and obligations, regardless of who they were elected, proposed, or appointed by.

Each Supervisory Board member must, under any circumstances, pursue full independence in analysis, decision-making, and actions.

From the beginning of the term, each Supervisory Board member must act in compliance with the criteria of a diligent, concerned, and fair manager.

#### **Article 6**

The Supervisory Board shall review the Annual Report and the proposal for the allocation of distributable profit as submitted by the Management Board. Each Supervisory Board member or Audit Committee member, if appointed, shall have the right to review and check any background information for the Annual Report. Such information shall be, at the Supervisory Board member's request, presented to the Supervisory Board member unless the Supervisory Board decides otherwise.

The Supervisory Board shall compile a written report on the findings of the audit, or review, defined in the previous paragraph, for the Shareholders Assembly. The report must include information on how and to what extent company management was reviewed for the business year. If an Auditor's Report is enclosed with the Annual Report, the Supervisory Board must also

state its opinion regarding the Auditor's Report. At the end of the report, the Supervisory Board must state whether, after the final review, there are any remarks or notes with regard to the Annual Report, and whether the Supervisory Board has confirmed the Report. If this is the case, the Annual Report is deemed adopted.

In one month from the day the Annual Report is submitted to the Supervisory Board, the latter must submit its report to the Management Board. Should the Supervisory Board fail to do so, the Management Board must immediately set a new deadline which should not exceed one month. If the Supervisory Board does not confirm or submit the Annual Report, it shall be deemed not adopted.

#### **Article 7**

Supervisory Board shall be responsible for appointment and dismissal of Management Board members. In managing such affairs, the Supervisory shall seek to provide continuity of the Management Board's work by selecting successors with due diligence and in a timely manner, while including the Management Board in these efforts. Management Board President shall propose to the Supervisory Board his or her successor no less than one year before the end of the term.

The Supervisory Board may also delegate the procedure of selecting the candidates for the new Management Board members to a separate committee. The Supervisory Board or the committee shall appoint the candidates by observing previously defined criteria laid out in the Management Board Act; candidates for Management Board members must meet these criteria.

The Supervisory Board shall arrange for relevant contracts to be signed with all Management Board members. These contracts shall define the tasks and responsibilities of respective Management Board members, the system of compensation and rewards including the criteria for variable rewards, duties of respective Management Board members in terms of loyalty to the company, and the procedures with regard to dismissal and severance payment. Dismissal of a Management Board member for other business reasons does not imply a termination of office for reasons of the Management Board member's own fault. In case of termination of office for reasons of the Management Board member's own fault, the Management Board member shall not be entitled to any severance payment.

In addition to the criteria defined by relevant legislation, Articles of Association, and other company regulations, the Management Board President must also possess leadership and organizational skills and enjoy the reputation of a good businessperson in the broad social environment.

Any Management Board member must immediately inform the Supervisory Board and other Management Board members of any actual or potential conflict of interest.

A Management Board member may only accept membership in a Supervisory Board or a Management Board of another company that is not associated in any way with Mercator, after informing in writing the Supervisory Board Chairperson of such membership.

While performing her or his function, every Management Board member must observe the non-compete obligation, which means that they may not perform any for-profit activity in the same industry as that of the company, nor effect any business transactions for their own or anyone else's account, without prior consent by the Supervisory Board.

#### **Article 8**

For auditing, the Supervisory Board shall propose an auditor to carry out the audit in an independent, unbiased manner and in full compliance with the effective rules of audit. The Supervisory Board shall not appoint as the auditor an auditing company that supplies the company with any consulting services, or an auditing company whose revenue from the audit of the company would represent 30 percent or more of the auditing company's total revenues.

The auditor may be present at all Supervisory Board meetings at which decisions related to the Annual Report or the system of internal controls and risk management are discussed and adopted.

Before appointing an auditor at the Shareholders Assembly, all shareholders must be informed of any other service performed currently or previously by the auditor in the professional areas related to auditing. Furthermore, any other fact that could lead to a conflict of interest on the part of the auditor shall be disclosed to the shareholders.

The company shall change the auditing company or the auditor-partner within the same auditing company at least once per every five years.

#### **Article 9**

The Management Board and Supervisory Board shall work closely together to the benefit of the company. Articles of Association and these Rules of Procedure define more precisely the division of responsibility between the Management Board and Supervisory Board, as well as the ways of their cooperation.

When adopting major decisions that could considerably affect the business, financial, or legal status of the company, the Management Board and Supervisory Board must seek to reach consent.

Supervisory Board Chairperson must maintain regular contact with the Management Board President to consult about strategy, development of operations, and risk management of the company. The Management Board President must inform immediately the Supervisory Board Chairperson about any major events relevant to the assessment of the status and effects, as well as to company management. The Supervisory Board Chairperson must inform the Supervisory Board about any such major events and convene an extraordinary meeting if necessary.

Supervisory Board Chairperson shall also discuss with the Management Board President the training of Supervisory Board members and introduction of new members.

It is the right and duty of the Supervisory Board to request from the Management Board additional explanations and reports on any issues that may be unclear with regard to the operations of the companies and its subsidiaries.

Once a year, the Supervisory Board shall define the contents and the deadlines that the Management Board has to meet with regard to regular and extraordinary reporting and informing. The Management Board shall submit all information in writing. Documents required for decision-making must be made available to all Supervisory Board members and Supervisory Board Committee members in a timely manner.

The Supervisory Board shall also define the payments, compensations, and other benefits for the Management Board members.

#### **Article 10**

The amount and the method of defining individual payments, compensations, and other benefits for the Supervisory Board members shall be defined with a resolution by the Shareholders Assembly.

A Supervisory Board member who is simultaneously a member of the Management Board of an associate or affiliated company shall not receive any payment for performing their duties of a Supervisory Board member, except for remuneration of costs.

The amount of payment must be in an appropriate ratio compared to the tasks of the Supervisory Board members and the company's financial status.

#### **IV. OBSERVING THE PRINCIPLES OF MANAGEMENT AND CORPORATE GOVERNANCE**

##### **Article 11**

Every Supervisory Board member individually, and the Supervisory Board as a body of governance, must observe the principles of management and corporate governance for joint stock companies and seek to implement these principles in the company.

#### **V. SUPERVISORY BOARD CHAIRPERSON AND THE SECRETARY TO THE SUPERVISORY BOARD AND THE SUPERVISORY BOARD COMMITTEE**

##### **Article 12**

Supervisory Board Chairperson and his or her deputy shall be appointed by the Supervisory Board members, among the members representing the interest of the shareholders. The deputy shall have the same powers and authorizations as the Chairperson during the latter's absence.

Tasks of the Supervisory Board Chairperson are defined in the Companies Act and company Articles of Association.

Supervisory Board Chairperson shall coordinate the work of the Supervisory Board and preside over the meetings, and represent the Supervisory Board in relations with the Management Board.

Any person who was a member of the Management Board of the company or affiliated company of Poslovni sistem Mercator, d.d., may not be appointed Supervisory Board Chairperson.

##### **Article 13**

The Supervisory Board shall, appoint – as a general rule, one of the employees of the company – Secretary to the Supervisory Board. The Supervisory Board Secretary shall perform for the Supervisory Board various administrative and technical tasks, keep and compile minutes, and take care of the Supervisory Board archives.

##### **Article 14**

The Supervisory Board may appoint one or more committees for individual areas of work within their powers and authorizations. The purpose of such committees shall be to prepare resolution proposals and to oversee the implementation of such resolutions.

A Committee may not decide on issues within the responsibility of the Supervisory Board.

The Supervisory Board may appoint, among the company employees, a committee that will define an opinion for the Supervisory Board before deciding on issues related to company employees. The committee shall be presided over by one of the Supervisory Board members who were appointed to the Supervisory Board as a representative of the employees.

In order to analyze professional or expert issues, the Supervisory Board may authorize experts who may also be invited to Supervisory Board meetings.

#### **Article 14. a**

The Audit Committee shall consist of three members. One of the Committee members shall be an independent expert, while the remaining two Committee members shall be the members of the Supervisory Board.

Management Board members, executive director of finance, accounting, controlling, and internal audit, director of accounting, director of controlling and internal audit, and other persons deemed appropriate and invited by the Audit Committee, may be present at the Audit Committee meetings.

The amount and the method of defining the amount of payment, compensation, and other benefits of the Audit Committee members shall be defined by a Supervisory Board resolution.

### **VI. SUPERVISORY BOARD MEETING**

#### **Article 15**

Supervisory Board Chairperson shall convene and preside at the Supervisory Board meetings.

If the Supervisory Board Chairperson is, for objective reasons, unable to convene and preside over the Supervisory Board meeting, the meeting shall be convened and presided over by the Deputy Supervisory Board Chairperson.

In case both Supervisory Board Chairperson and Deputy Chairperson are absent, the meeting shall be presided over by a Supervisory Board member appointed by the Supervisory Board.

#### **Article 16**

Supervisory Board Chairperson shall convene the Supervisory Board meeting at his or her own discretion. However, the meeting must be immediately convened upon request by one or more members of the Supervisory Board or the Management Board, provided the latter state the purpose or reasons for such convocation. Request for convocation of Supervisory Board meeting must be submitted to the Supervisory Board Chairperson by registered mail.

If the request for convocation of Supervisory Board meeting by at least two Supervisory Board or Management Board members was not granted within a week, the members proposing the meeting may convene the meeting instead, also proposing the meeting agenda.

As a rule, the Supervisory Board meetings must be held at least once per quarter; one meeting in each half of the year is compulsory.

#### **Article 17**

Supervisory Board and Management Board members shall receive written invitations to the meeting, including the materials and proposals of resolutions not adopted at the previous Supervisory Board meeting, no less than seven days before the meeting. The materials for the Supervisory Board meeting may under certain circumstances be sent subsequently; however, the Supervisory Board members should receive them at least two days before the meeting.

If a Supervisory Board member is unable to attend the meeting, he or she must inform the Supervisory Board Secretary or Chairperson thereof before the start of the meeting.

Seven days before the meeting, written invitation must also be submitted to all invited experts or reporters. In addition to the invitation, they must also be sent all materials related to the agenda items they were invited to discuss.

#### **Article 18**

If a Supervisory Board member takes unreasonably long time to present his or her argument or if such presentation digresses from subject of discussion, the Supervisory Board Chairperson has the right to restrict the time of discussion for each item of the agenda. Supervisory Board Chairperson may also interrupt the presentation of any member not observing such restrictions.

All Supervisory Board decisions are adopted at Supervisory Board meetings.

Once per year, the Supervisory Board shall review and rate the work of the Management Board and its individual members. This discussion shall be related to the discussion on the compensation and rewards for Management Board members.

The Supervisory Board shall meet without the presence of Management Board members in cases when deciding on appointment of Management Board President, compensation and rewards to Management Board members, and when reviewing their own work.

The Supervisory Board shall employ available information technology for submitting materials and convocations of meetings. All Supervisory Board members shall be invited to the meetings in the same way. If applicable and reasonable, Supervisory Board may also use information technology for conducting the meetings and voting on resolution proposals.

Supervisory Board Chairperson shall motivate Supervisory Board members to perform their function efficiently and actively.

### **VII. SUPERVISORY BOARD MEETING AGENDA**

#### **Article 19**

The agenda of the Supervisory Board meeting shall be proposed by the Supervisory Board Chairperson or the person convening the meeting. Each agenda proposal shall also include an item "Miscellaneous" to allow additional motions, proposals, raising questions, and submitting information.

When planning Supervisory Board meetings, the Supervisory Board Chairperson shall cooperate with the Management Board. Upon request by the Supervisory Board Chairperson, the Management Board must carry out all professional and administrative tasks to allow the

Supervisory Board to perform their supervisory and steering function in a smooth and quality manner.

The Supervisory Board shall first confirm the minutes of the most recent Supervisory Board meeting and discuss the implementation of resolutions adopted at that meeting. At the beginning of the meeting, the agenda shall be defined. This process starts by deciding on any proposals to strike a particular agenda item from the agenda; then, proposals to expand the agenda shall be voted on. Proposals for restricting or expanding the agenda must be explained in writing.

If proposed by the Supervisory Board Chairperson or at least one third of the Supervisory Board members, the Supervisory Board meeting agenda may be expanded at the very meeting.

Chairperson must include in the Supervisory Board meeting agenda an item complete with resolution proposals, if this is requested by at least one half of the Supervisory Board members.

The Management Board shall submit any information to the Supervisory Board in a way that fully complies with the Companies Act, company Articles of Association, and these Rules of Procedure.

All information must always be submitted to the entire Supervisory Board and not only to individual Supervisory Board members or the Chairperson.

## **VIII. SUPERVISORY BOARD DECISION-MAKING PROCESS**

### **Article 20**

The presence of at least one half of Supervisory Board members is required in any decision-making in order to constitute quorum. In absence of quorum, the Supervisory Board Chairperson shall define a new date and time for the Supervisory Board meeting. If the Chairperson establishes during the meeting that members of the Supervisory Board have left the meeting and that quorum requirement is no longer met, the meeting shall be interrupted and the time shall be defined when the meeting can be resumed.

Supervisory Board Chairperson may interrupt the meeting for no more than one hour, if additional consulting, or opinion is required, or in other reasonable cases.

As a rule, Supervisory Board members shall vote openly/publicly by raising hands, or by secret ballot, in writing (by ballot papers) if this is requested by one third of the present members.

In such cases, ballot papers are used that include the proposal of the resolution to be voted on and possible votes: "in favor", "against", "abstain". Ballot papers that are not filled in or are filled in wrongly, which are signed, or which have any other additional writing, shall be deemed invalid. Supervisory Board's decision-making on all issues shall take the form of decisions which shall be effective as of the day they are adopted. Supervisory Board members shall vote on each proposed decision separately. The Supervisory Board Chairperson shall call for a vote on a particular resolution proposal when it is established that nobody else wishes to discuss the matter.

In order to adopt a decision and for the Supervisory Board decision to be valid, majority of the votes cast is required.

In case of an equal number of votes, the vote of the Supervisory Board Chairperson shall decide.

A Supervisory Board member cannot authorize another Supervisory Board member or any other person to vote at the meeting on his/her behalf.

Supervisory Board member shall not take part in decision-making on the issues related to that member.

#### **Article 21**

Supervisory Board resolutions may be adopted in writing, by telephone, telegraph, or by using similar technology, only if all Supervisory Board members agree to such method.

In urgent cases when discussion of a particular issue is bound by a deadline, the Supervisory Board Chairperson has the right to convene the meeting by a notice shorter than defined in Article 17 herein, and the materials for discussion may be presented at the very Supervisory Board meeting.

In urgent cases, subject to consent by all Supervisory Board members, the Supervisory Board Chairperson may also convene and conduct correspondence meeting. To this end, the Supervisory Board Chairperson shall consult by telephone or another method with the Supervisory Board members and obtain their respective replies with regard to a proposed resolution.

The question for the correspondence meeting must be clear and unambiguous, allowing a straight answer with "yes" or "no".

Minutes of the correspondence meeting shall be compiled, stating the reason for such meeting, the question discussed and voted on, and replies by the Supervisory Board members. The minutes shall be confirmed by the Supervisory Board at their first subsequent meeting. At the first subsequent meeting, the Supervisory Board Chairman must also explain the reasons for conducting a correspondence meeting.

### **IX. MINUTES OF THE SUPERVISORY BOARD MEETING**

#### **Article 22**

Full recordings / transcriptions of Supervisory Board meetings shall also be kept. The transcription shall be kept and archived by the Supervisory Board Secretary. Each Supervisory Board member has the right to review the recordings / transcriptions of the meetings.

Minutes of the progress of Supervisory Board meeting shall also be kept. These minutes shall include the following:

- date and place of the Supervisory Board meeting;
- meeting attendants;
- meeting agenda;
- concise contents of the discussions by the Supervisory Board Chairperson and members, and any other meeting attendants;
- resolutions and voting results by individual items of the agenda, stating the names of Supervisory Board members voting in favor and against the proposal;
- statements and opposing views by individual Supervisory Board members or Management Board members for which the persons presenting them requested that they be noted into the meeting minutes.

Supervisory Board meeting minutes shall be submitted to the Supervisory Board Chairperson in seven working days after the meeting; the Supervisory Board Chairman shall authorize the minutes in two days after receiving them.

The minutes shall then be sent to all Supervisory Board and Management Board members; other persons present at the meeting shall only be sent the summary for the agenda item for which they were invited.

Any objections or remarks to the minutes may only be submitted by persons who attended the meeting. Remarks and objections to the agenda minutes shall be discussed by the Supervisory Board at the following meeting.

Parts of the minutes that are deemed confidential or deal with a business secret, shall be indicated with a clearly visible sign: BUSINESS SECRET.

#### **Article 23**

Original copies of the minutes and Supervisory Board resolutions, including entire material for particular Supervisory Board meetings complete with the list of attendants and the ballot papers used, shall be kept by the Supervisory Board Secretary.

### **X. NOTIFYING THE MANAGEMENT BOARD OF THE SUPERVISORY BOARD RESOLUTIONS**

#### **Article 24**

Supervisory Board Chairperson, or Supervisory Board member authorized for such task, shall inform within three days after the meeting the company Management Board, if they were not present at the meeting, about the resolutions adopted. If deemed appropriate or necessary, other relevant bodies of corporate governance and the public shall also be informed, in a suitable way. Press conference may only be convened by the Supervisory Board Chairperson based on a previous resolution by the Supervisory Board.

### **XI. BUSINESS CONFIDENTIALITY / BUSINESS SECRETS**

#### **Article 25**

Entire work of the Supervisory Board, except for Supervisory Board resolutions, is subject to the rules on business confidentiality/business secrets unless the Supervisory Board, subject to consulting with the Management Board, expressly decides that particular material may be made available to the internal or broad public.

The Management Board may inform the internal public about the work of Supervisory Board; however, in doing so, the Management Board may not breach any provision of these Rules of Procedure regarding business confidentiality or business secrets.

Each Supervisory Board member is liable to protect confidential information and business secrets and to act loyally to the company.

## **XII. CONFLICTS OF INTEREST IN SUPERVISORY BOARD MEMBERS**

### **Article 26**

In their work and decision-making, Supervisory Board members must pursue above all the goals of the company; any other personal or particular interest of third parties, Management Board, shareholders, the public, or the state, must be subordinate to the interests of the company.

Supervisory Board members may not perform managerial or executive functions or consulting services for competitive companies, nor is it advisable that they be major shareholders or partners in such companies.

Each Supervisory Board member shall take all precautionary measures to avoid any conflict of interest that could affect their judgment.

Conflict of interest shall be deemed as a situation in which unbiased and objective performance of tasks or decision-making of a Supervisory Board member is compromised because of inclusion of his or her personal economic interest or interest of his or her family, presence of emotions, political or national favor or abhorrence, or any other interest related to other natural or legal person.

Following are the procedures to be instituted or measures to be taken in cases when conflict of interest is established:

- individual member of the Supervisory Board shall explain the conflict of interest and abstain from voting;
- in reasonably justified cases, the Supervisory Board Chairperson may request from the Supervisory Board members before the meeting to declare whether there is any conflict of interest with regard to the issue being voted on;
- the fact that a particular member of the Supervisory Board has abstained from the vote on the grounds of a conflict of interest and any explanations or statements by the Supervisory Board members related to such occurrence shall be duly noted in the minutes of the Supervisory Board meeting.

Supervisory Board member must inform the Supervisory Board about any conflict of interest that has occurred or may occur in performing or with regard to performing his or her function. In addition, each Supervisory Board member must inform the Supervisory Board of his or her membership in Supervisory Boards or Management Boards of other companies.

The Supervisory Board shall inform the Shareholders Assembly in its report at least once per year about the existence of conflicts of interest and about the measures adopted in this regard.

The Supervisory Board shall approve all agreements and contracts on consulting and other services related to cooperation between individual members of the Supervisory Board, and the company and any associate or affiliated company.

## **XIII. AVAILABILITY OF THESE RULES OF PROCEDURE**

### **Article 27**

Rules of Procedure on the work of the Supervisory Board shall be made available under equal conditions to all shareholders and the Works Council, at the company headquarters and, in electronic form, at the company website.

#### **XIV. TRANSITORY AND FINAL PROVISION**

##### **Article 28**

These Rules of Procedure and any subsequent changes and amendments hereto shall be adopted by the Supervisory Board, with the majority of the votes cast.

As of the day of adoption of these Rules of Procedure, the Rules of Procedure of the Supervisory Board of Poslovni sistem Mercator, d.d., adopted on November 11<sup>th</sup> 2008 complete with all changes and amendments shall no longer be effective.

Ljubljana, February 26<sup>th</sup> 2009

Supervisory Board Chairman:  
Robert Šega