

Rules of Procedure for Basler AG's Supervisory Board

As of: 26/05/2020

In its meeting held on 26/05/2020, the Supervisory Board of Basler AG has unanimously resolved to repeal its current rules of procedure and to restate the same as follows:

§ 1 General

1. The Supervisory Board performs its functions in accordance with the legal provisions, Basler AG's Articles of Association, as well as the provisions set out in these rules of procedure. The Supervisory Board follows the recommendations of the German Corporate Governance Codex as further set out in the compliance statement.
2. In performing its duties, the Supervisory Board works in trustful cooperation with the company's other corporate bodies for the benefit of the company. The members of the Supervisory Board are not bound by orders or instructions.
3. The Supervisory Board regular intervals assesses and reviews the efficiency of its work, including the work of its committees.

§ 2 Chairman/Deputy Chairman

1. In its initial meeting following its election by the general meeting of shareholders, the Supervisory Board shall elect a chairman and a deputy chairman from among its members in accordance with the provisions of law and the Articles of Association, such election being chaired by the Supervisory Board member who is most senior in age. Said election shall in each case be for the duration of the elected member's membership in the Supervisory Board (cf. § 10(3) of the Articles of Association).
2. If any one of the above mentioned persons so elected resigns or retires during his or her term of office, then the Supervisory Board shall promptly conduct a by-election for the remaining term of the resigning or retiring member's office (cf. § 10(3) of the Articles of Association).
3. The chairman of the Supervisory Board shall regularly consult with the Management Board even between meetings and shall render advice on any matters of the company's strategy, business development, risk situation, risk management, and compliance. He shall be informed about any and all important events that are of material importance for the company, and shall in turn inform the other members of the Supervisory Board accordingly.

§ 3 Meetings

1. In addition to the rules set forth in the Articles of Association for the calling of meetings of the Supervisory Board (cf. § 11(1) of the Articles of Association), meetings of the Supervisory Board shall be called for as and when required. Furthermore, a meeting of the Supervisory Board shall be convened upon request by a member of the Supervisory Board or by the Management Board stating the purpose of and reasons for such meeting.
2. The meetings of the Supervisory Board shall generally be held in the form of personally attended meetings, and there shall be at least two meetings per each calendar year. The foregoing always applies to those meetings held to resolve on the approval of the annual financial statements. Any other meetings may, as determined by the chairman in the respective meeting invitation, also be held in the form of video or telephone conferences.

3. Meetings of the Supervisory Board shall be convened by its chairman by giving notice of invitation in writing or by e-mail at least two weeks in advance, stating the place, time, and business of the meeting. When calculating the notice period for the invitation, the day of dispatch of the invitation and the day of the meeting shall not be included into the calculation. In cases of urgency, the chairman may shorten the period set forth above and may convene the meeting orally, by phone, telefax, or by means any other electronic media (cf. § 11(2) of the Articles of Association).
4. The invitation shall set forth the individual items of the meeting's agenda. The agenda shall be supplemented if a Supervisory Board member or the Management Board so requests, stating the purpose thereof and reasons therefore, and if such supplementation can be communicated prior to the commencement of the meeting. Resolution proposals regarding any items on the agenda shall be communicated in due time in advance of the meeting to enable any Supervisory Board members not present in the meeting to provide their votes in writing or by use of any other common means of communication.
5. Resolutions on items of the agenda not communicated within the notice period for the invitation as set forth in paragraphs 3 and 4 above may be passed only if no member of the Supervisory Board objects thereto. In any such case as aforesaid, members not present in the meeting shall be granted a period set by the chairman, within which such members shall have the opportunity to object to the passing of the relevant resolution. Resolutions so passed shall become effective only if none of the members not present in the meeting passing the resolution has objected within the set period.
6. No specific invitation is required for convening the constitutive meeting of the Supervisory Board (§ 10 (3) of the Articles of Association). Regarding the resolutions to be passed during this meeting for the election of the chairman and deputy chairman of the Supervisory Board, the adoption of rules of procedure for the Supervisory Board, and for the formation and staffing of committees, no communication of an agenda stating the items to be resolved on shall be required.
7. The chairman may cancel or postpone a meeting called, if there are material reasons to do so.

§ 4 Chairing of meetings

1. The chairman shall chair the meeting. In case the chairman is absent, the Supervisory Board shall at the start of the meeting elect a person from among its members to chair the meeting. The chairman, or the person elected as aforesaid in the chairman's absence, shall determine on the order of the items on the agenda to be transacted and also determines the manner and order of any votes taken. He or she may adjourn the consideration of and passing of resolutions on individual items of the agenda for material reasons.
2. The person chairing the meeting may appoint a recording secretary and shall decide on the consultation of experts and/or informants in the course of the consideration of individual items of the agenda.

§ 5 Passing of resolutions

1. Resolutions of the Supervisory Board and its committees shall generally be passed in meetings. There shall be no requirement for the concurrent personal attendance of all members in any of the meetings. As determined by the chairman in the invitation, the meeting may also be held in the form of a telephone or video conference (cf. § 3 (2) above).

2. A quorum of the Supervisory Board shall be present if all of its members have been invited and at least four of its members participate in the passing of resolutions. To this effect, a member shall also be deemed to participate in the voting if such member abstains from voting (cf. § 11(3) of the Articles of Association).
3. Members of the Supervisory Board not present in the meeting may also participate in the passing of resolutions in a personally attended meeting by causing their written votes to be submitted by another member of the Supervisory Board. In addition thereto, and if the person chairing the meeting so determines prior to the commencement of the voting and by setting a reasonable period therefore, members not present in the meeting may also cast their vote orally, by phone, telefax, e-mail, or by means of other electronic media, including but not limited to telephone or video connection, during or subsequent to the meeting, and the remaining members of the Supervisory Board shall in such case have no right to object to such procedure (cf. § 11 (3) of the Articles of Association).
4. Outside of meetings, resolutions may be passed by casting votes orally, by phone, in writing, and/or by telefax or by use of any other common means of communication or by a combination of any of the foregoing, including phone and/or video conferences, if the chairman has caused such procedure to take place (cf. § 11 (4) of the Articles of Association); the remaining members of the Supervisory Board shall in such case have no right to object to such procedure.
5. Any resolutions shall require a majority of the votes cast. In the event of a tie vote, the chairman or, if the chairman does not participate in the passing of the resolution, the deputy chairman shall have the casting vote (cf. § 11 (5) of the Articles of Association).
6. The chairman shall be authorized on behalf of the Supervisory Board to give and receive any declarations of intent required to execute the resolutions passed by the Supervisory Board (cf. § 11 (7) of the Articles of Association).

§ 6 Minutes of the meetings and resolutions

1. The meetings of the Supervisory Board shall be recorded in minutes (cf. § 11 (6) of the Articles of Association) and such minutes shall be signed by the person chairing the meeting. The minutes shall state the place and date of the meeting, the persons attending the meeting, the items of the agenda, the substantial content of the considerations, and the resolutions passed by the Supervisory Board. In the event of any resolutions not passed by unanimous vote, the minutes shall also state the respective voting ratio. The minutes shall be promptly forwarded in copy to each member of the Supervisory Board.
2. Any resolutions passed outside of meetings shall be recorded in minutes by the chairman of the Supervisory Board. The minutes will be promptly forwarded in copy to each member of the Supervisory Board.
3. The minutes pursuant to 6.1 and 6.2 above shall be deemed approved if none of the members of the Supervisory Board who have participated in the passing of resolutions has objected thereto in writing or by e-mail to the chairman within 14 days of the dispatch of the same.
4. The resolutions passed by the Supervisory Board may be recorded by wording during the meeting and immediately signed by the person chairing the meeting as part of the minutes. Where resolutions are being recorded separately in such form during the meeting, objections to the same may only be raised during the meeting.

§ 7 Management Board's attendance in meetings of the Supervisory Board

1. Unless the chairman of the Supervisory Board or the person chairing a meeting decides otherwise, the members of the Management Board shall participate in meetings of the Supervisory Board in an advisory capacity.
2. Notwithstanding the foregoing, the Supervisory Board shall regularly meet without the Management Board being present.

§ 8 Committees

1. Depending on the specific circumstances of the business, the Supervisory Board shall form committees from among its members, which may consult experts if and when required. As standing committees, the Supervisory Board shall appoint an audit committee and a nomination committee. The members of the committees shall be elected by a simple majority of votes and shall be appointed for the term of their office as members of the Supervisory Board unless a shorter term of office is determined upon their election.
2. The audit committee shall have the task to prepare negotiations and draft resolutions of the Supervisory Board on the subjects of accounting (including CSR reporting), the accounting process and the efficiency of the risk management system, the internal control system and the internal audit system, the audit of financial statements, including but not limited to the necessary independence of the auditor, the engagement of the auditor, the specification of the key points of the audit, and the agreement on fees, as well as compliance, and to review and monitor the aforementioned areas. In performing said tasks, the audit committee shall be assisted by the auditor. Furthermore, the audit committee shall assess the quality of the audit of the financial statements on a regular basis. The chairman of the audit committee shall have special knowledge and experience in the application of accounting principles and internal control systems and shall be familiar with the audit of financial statements and be independent from the company, the Management Board, and the controlling shareholder. The chairman of the Supervisory Board shall not be chairman of the audit committee.
3. The nomination committee shall present a list of candidates suitable as members of the Supervisory Board for the latter's election proposals to the general meeting of shareholders. In doing so, the committee shall take into account the standard age limit for members of the Supervisory Board as set forth by the latter, the concrete objectives of the Supervisory Board's composition and the skills profile of the body as a whole, diversity, and the requirements as to the independence of Supervisory Board members pursuant to the German Corporate Governance Codex. The nomination committee shall be exclusively composed of representatives of the shareholders.
4. Unless otherwise provided for to the contrary, the provisions set forth with regard to the Supervisory Board in the Articles of Association and these rules of procedure shall also apply, *mutatis mutandis*, for the internal organisation of its committees, including the audit committee and the nomination committee.

§ 9 Requirements to be met by members of the Supervisory Board

1. The Supervisory Board shall adopt concrete objectives regarding its composition and shall develop a skills profile for the body as a whole. In doing so, the Supervisory Board shall pay attention to diversity.

2. Each member of the Supervisory Board shall make sure that they have sufficient time available to exercise their respective mandate. Members of the Supervisory Board shall not take on more than five (5) positions on Supervisory Boards of non-group listed companies or similar functions, the position of a chairman of a Supervisory Board thereby counting twice. In the event a member of the Supervisory Board is also a member of the Management Board of a listed public limited company, such member shall not have more than two (2) other positions on Supervisory Boards and shall not have any position as chairman of a Supervisory Board of any non-group listed company. The Supervisory Board's report shall state the number of meetings of the Supervisory Board and its committees which each of its individual members has attended.
3. In its proposals to the general meeting of shareholders for the election of Supervisory Board members, the Supervisory Board shall take into account the concrete objectives for its composition and shall at the same time strive to fill the skills profile for the body as a whole. As part of its election proposals to the general meeting of shareholders, the Supervisory Board shall disclose any personal and/or business relationships of each candidate with the company, its corporate bodies, and any shareholder holding a substantial stake in the company's capital, where the Supervisory Board believes that any such relationships might be considered relevant by an objectively judging shareholder in making his or her voting decision. The election proposal shall be supplemented by a curriculum vitae providing information on the relevant knowledge, skills, and business experience of the candidate, which shall be further supplemented by a summary of the substantial activities of the candidate in addition to the latter's position on the Supervisory Board.
4. The Supervisory Board shall ensure that it has at any time members having the knowledge, skills and business experience required to properly exercise their duties and that such knowledge, skills, and business experience corresponds to the international activities of the company. The Supervisory Board shall adhere to the requirements set forth by the German Corporate Governance Codex with regard to independence, whereby among other things more than one half of the shareholders' representatives shall be independent from the company and its Management Board, at least one member shall be independent from the controlling shareholder, and no more than two of its members shall be former members of the Management Board.
5. The members of the Supervisory Board shall in their own responsibility attend the education and training required to be able to exercise their respective functions. The company shall provide the members of the Supervisory Board with adequate personal and financial resources in order to facilitate their inauguration and to afford them the training necessary to maintain the required expertise.
6. The members of the Supervisory Board shall be free of any conflicts of interest with competitors, customers, lenders, service providers and suppliers, and shall not serve on any corporate bodies of the same or render any consulting services to the same or be in any personal relationship with any of the aforesaid. Any (actual or potential) conflicts of interest arising during the Supervisory Board member's term of office shall be promptly disclosed by the respective member to the chairman of the Supervisory Board. In its report to the general meeting of shareholders, the Supervisory Board shall report on any conflicts of interest that have arisen and on the handling of the same. In the event of any substantial conflict of interest that is not of a mere temporary nature, the Supervisory Board member concerned shall resign from his or her office.

§ 10 Cooperation between Supervisory Board and Management Board

1. The Supervisory Board renders advice and monitors the Management Board in its management of the company. The supply of information necessary therefore is the responsibility of the Management Board; however, the Supervisory Board itself shall make sure that it is reasonably kept informed. The Management Board shall inform the Supervisory Board timely, comprehensively and on a regular basis about all issues regarding the strategy, planning, business development, risk situation, risk management, and compliance relevant to the company. In addition, the Supervisory Board may at any time request additional information.
2. The Management Board shall consult the Supervisory Board on the strategic orientation of the company and shall in regular intervals discuss the status of implementation of the strategy with the Supervisory Board.
3. In their interactions, the Supervisory Board and Management Board shall maintain an open discussion based on absolute confidentiality. All board members shall ensure that any employees and/or consultants involved by them in a permitted manner shall adhere to such confidentiality obligation in the same way.
4. The Supervisory Board shall in a separate resolution decide on the business and actions which shall require its approval prior to the execution thereof by the Management Board.
5. The Supervisory Board shall see to diversity in the composition of the Management Board. It has determined an age limit of 65 years for members of the Management Board at the time of their election or re-election. The initial appointment of Management Board members shall be for no more than three years; any re-appointment of Management Board members prior to one year in advance of the end of the appointment term and the concurrent cancelling of the current appointment shall not be made unless special circumstances demand such action. Together with the Management Board, the Supervisory Board takes care of a long-term succession planning for the Management Board.
6. In the corporate governance statement, Supervisory Board and Management Board shall annually report on the company's corporate governance, therein explaining any deviations, if any, from the recommendations of the German Corporate Governance Codex.

§ 11 Cooperation with the auditor

1. The Supervisory Board shall agree with the auditor that the latter shall inform the Supervisory Board immediately about all findings and incidents substantial to it, which the auditor acquires knowledge of in the course of its audit.
2. The Supervisory Board shall agree with the auditor that the latter shall inform the Supervisory Board and shall make a corresponding statement in the auditor's report, if the auditor in the course of its audit finds facts resulting in any incorrectness in the declaration of the Management Board and Supervisory Board on the codex.

§ 12 Confidentiality

Even after their resignation or retirement from office, the members of the Supervisory Board must keep confidential any confidential information and secrets of the company, notably any operational and trade secrets, knowledge of which they have acquired in the course of their activity on the Supervisory Board. If a member of the Supervisory Board intends to disclose information to any third party and if it cannot be excluded with

certainty that such information is confidential or involves secrets of the company, then such member is obliged to notify the chairman of the Supervisory Board in advance of the disclosure and provide the latter the opportunity to comment thereon.