

**STOCK COMPANY FOR INSURANCE AND REINSURANCE
MAKEDONIJA SKOPJE – VIENNA INSURANCE GROUP**

REPORT

**On the operations of the Management Board
for the period from 01.01.2020 till 31.12.2020**

Skopje, February 2021

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Pursuant to article 352 paragraph 1 of the Law on trade companies (Official Gazette of Republic of North Macedonia No.28/2004; 84/2005; 25/07; 87/08; 42/10; 48/10; 24/11; 166/12; 70/13; 119/13; 120/13; 187/13; 38/14; 41/14; 138/14; 88/15; 192/15; 6/16; 30/16; 61/16; 64/18 and 120/18), the Management Board shall submit to the Supervisory Board of the Joint Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje – Vienna Insurance Group the following:

REPORT

**On the operations of the Management Board
for the period from 01.01.2020 till 31.12.2020**

1. GENERAL INFORMATION

The Management Board of the Joint Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje – Vienna Insurance Group (hereinafter: The Company) during the period from 01.01.2020 to 31.12.2020 has undertaken all necessary actions and activities to accomplish the business assignments of the Company in effective and efficient manner in terms of management and achievement of the positive underwriting results for non-life insurance businesses and reinsurance.

In focus in the respective period was management of the Company in extraordinary circumstances caused by the corona virus pandemic.

The Management Board of the Company during the reporting period held 57 meetings (from session 276th to session 333th), whereat decisions were discussed on and approved in terms of the regular operating activities of the Company, and for accomplishing the obligations in accordance with the provisions from the local Law on Trade Companies and the local Law on Insurance Supervision.

Pursuant to the provisions set out by the Trade Companies Law and the Company Statute and following the decision adopted by the Supervisory Board, the Management Board comprises 3 (three) members. The members of the Management Board are:

1. **Mr. Bosko Andov**, President
2. **Mr. Risto Sekulovski**, member
3. **Mrs. Vesna Gjorceva**, member

2. MANAGEMENT BOARD FUNCTION

Pursuant to provisions of the Trade Companies Law as well as the authorities granted to members of the Management board by the Statute of the Company (No.02-3562/8-1 as of 23.04.2019) and the Management Board Bylaws wherewith they reach the objectives in relation to management, the Management Board carried out the activities during the reporting period in terms of:

- Management of the Company;
- Issuance of business acts within established business policy;
- Risk control and management;
- Compliance control and management,
- Execute financial plans and programmes of the Company;
- Communication with authorities, courts and other legal entities, associates;

The Management Board regularly monitored the liquidity and solvency margin of the Company, the volume of statutory reserves determined by the local Law on Insurance Supervision (Official Gazette of Republic of North Macedonia. 27/2002, 98/2002, 79/2007, 88/2008, 67/2010, 44/2011, 112/2011, 188/2013, 30/2014, 43/2014, 112/2014, 153/2015, 192/2015, 23/2016, 83/2018 and 198/2018) as the most important elements of the successful operation of the Company.

Within its authorities governed by the Trade Companies Law and Law on Insurance Supervision and bylaws, the Company Statute and the Management Board Bylaws, the Management Board took many activities and actions to organise and manage the operation of the Company.

All decisions made by the Management Board have appropriate legal, economic and corporate governance background and justification. The minutes were issued for any meeting and signed by all members of the Management Board.

Any decisions presented therein together with the supporting documentation thereon may be accessed upon request at Head Office of the Company located at the Str. 11 Oktomvri 25, Skopje.

3. OPERATIONS OF MANAGEMENT BOARD

In the reporting period the Management Board of the Companyy adopted appropriate resolutions and undertake necessary management actions regarding the following important issues:

- Communication with local insurance regulator,
- Approval and implementation of different Insurance Terms and Conditions,
- Investments in bonds issued by the local government,
- performing inventory process for 2019,
- Approval of Compliance Function Operation Plan for 2020,
- Review the Report of the operations of the Internal Audit Function in 2019,
- Appointment of Innovation Officer,
- Approval of 2019 Annual Actuarial Report,
- Approval of 2019 Annual Account,
- Approval of 2019 Financial Statements,
- Approval of 2019 Annual Report,
- Approval of 2019 External Auditor Report,
- Approval of VIG Guideline Asset Risk Management.
- Approval of VIG Guideline BCM Plan AriSE Group,
- Approval of VIG Guideline Valuation of Financial Instruments,
- Approval of VIG Guideline Validation of PIM Property,
- Approval of VIG Guideline IFRS 9 Impairment,
- Approval of VIG Guideline IFRS 9 Classification and Measurement,

- Approval of VIG Guideline IFRS Interpretation,
- Approval of VIG Guideline Tax Reporting and Planning,
- Approval of VIG Guideline Business Credit Cards,
- Approval of VIG Policy Transaction Management,
- Approval of VIG Policy Underwriting - Climate Change Strategy,
- Approval of VIG Policy Prevention of Market Abuse,
- Approval of VIG Policy Document Governance,
- Approval of VIG Policy Intra-group Transactions,
- Approval of VIG Policy Non-Audit Services Auditors,
- Approval of VIG Policy Liquidity Management,
- Approval of VIG Policy Capital Management,
- Implementing measures and recommendation for prevention of Covid 19,
- Approval of Information and Communication Technology Strategy 2020 - 2022,
- Approval of 2020 Reinsurance Agreements,
- Approval of Company Operational Risks Assessments due to Covid 19,
- Approval of Compliance Annual Report 2019,
- Approval of Q1 2020 Complaints Report,
- Review the Internal Audit Report on Corporate Governance,
- Convoking of 2019 Annual Shareholders Meeting,
- Approval of Report on investments of assets that are not covering the technical reserves of the Company,
- Approval of Risk Management Documentation for 2020,
- Approval of Compliance Risk Management Documentation for 2020,
- Representing the Company interest and taking all necessary actions in the process of the Off - Site supervision performed by the Insurance Supervision Agency on the Company IT system,
- Representing the Company interest in the process of the On - Site supervision performed by the Personal Data Protection Agency,
- Approval of Complaints Report for the period 01.01.2020 till 30.06.2020 that was delivered to the local Insurance Supervision Agency,
- Approval of implementation of VIG Group Policy Capital Management,

- Approval of Company Operation Report Q2 2020 with GWP data for M8 that is officially delivered to the Supervisory Board for presentation,
- Approval of implementation of VIG Group Policy International Sanction,
- Adoption and implementation of Company Privacy Policy,
- Adoption and implementation of Company Cookie Policy,
- Adoption and implementation of Health Personal Data Policy in accordance with Recommendation CM / Rec (2016) 8 of the Committee of Ministers to the member States on processing of personal health - related data for insurance purposes, including data resulting from generic tests.
- Adoption of Transfer Pricing Report that should be delivered to local regulators,
- Adoption different resolution and documents for implementation of redundancy procedure in the Company.
- Approval of Company Operation Report Q3 2020 with comments of M10/M11 2020,
- Approval of Management Board Operation Report as at M102020,
- Approval of 2021 Company Investment Strategy,
- Approval of 2021 Company Plan of Operations,
- Approval of 2021 Company Risk Management Plan,
- Reviewing the 2021 Internal Audit Program and Plan of operations,
- Adoption of proposal resolution for termination of Company branch office in Tabanovce (border with Republic of Serbia),
- Approval of resolution for establishment of 2021 Company Inventory Committees,
- Approval of resolution for nominating Company IT Risk Specialist,
- Approval of resolution for nominating a contact person for investors,
- Approval of resolution regarding 2021 self retention analysis,
- Approval of resolution regarding 2021 fire contribution rates,
- Approval of 2020 Compliance Report;
- Approval of 2021 Compliance Plan,
- Approval of resolution regarding 2021 initial claims resave,

The Management Board approved all decisions issued in the reporting period by following the transparent procedure based on professional and unbiased approach for

the purpose that all requirements are met in accordance with the positive statutory regulations and upon prior opinion issued by the professional experts of the Company.

4. CONCLUSION

The work of the members of the Management Board as reported hereto was considered collectively. It is important to note that every member of the Management Board participated in and voted for the approval of any resolution reached at any regular meeting of the Management Board.

The operating activities of the Management Board fall within the already determined legal framework for its responsibilities and obligations and comply with the fundamental acts determining the business policy of the Company.

All members provided significant and appropriate contribution to the Board function.

All questions regarding the approved resolutions and undertaken activities by the Management Board can be addressed directly to the members of the Board. The members of the Management Board can provide detail explanation for every approved resolution and for every undertaken activity.

This Report is approved on the 341th Management Board meeting held on XX.02.2021.

MANAGEMENT BOARD

President of the Management Board

Bosko Andov

Members of the Management Board

Risto Sekulovski

Vesna Gjorceva