

THE CENTRAL EUROPEAN SERVICE FOR CROSS-BORDER INITIATIVES RULES OF PROCEDURE OF THE SUPERVISORY BOARD

(23 August 2023)

The new members of the Supervisory Board **elected** by the General Assembly of the Central European Service for Cross-border Initiatives (hereinafter: CESCI) on **31 May 2023**, pursuant to Article IV.6.5 of the Statutes, adopt the following Rules of Procedure:

1. §

Purpose and content of the rules of procedure

- (1)** The purpose of the Supervisory Board's rules of procedure is to ensure the continuous monitoring of the implementation of and compliance with the relevant legislation, the Statutes and the Association's resolutions in the course of CESCI's activities.
- (2)** The rules of procedure of the Supervisory Committee shall include provisions supplementing the rules referred to in paragraph 1. Procedural acts not covered by these rules shall be governed by the general practice of the Supervisory Committee.

2. §

Tasks, division of labour

- (1)** The Supervisory Board performs its tasks through its Chairperson and/or a designated member and takes its decisions collectively.
- (2)** The duties of the Chairperson of the Supervisory Board are, in particular:
- a) internal tasks:
 - coordinates, organises and directs the work of the Supervisory Board,
 - convenes and chairs the meetings of the Supervisory Board, ensures that the minutes of the meetings are properly kept and certified, and decides on the persons and number of invitees,
 - order the voting at the meetings of the Supervisory Board and determine the result.
 - b) external tasks:
 - represents the Supervisory Board at the General Assembly of CESCI and before its other bodies and officers with the right to present, consult and express their opinion, in particular by presenting to the General Assembly the Supervisory Board's position on the documents on the agenda of the General Assembly;
 - other official contacts with the President and Secretary General of CESCI as required;
 - ensure that a written report on the work and findings of the Supervisory Board is sent to the President of the General Meeting.

(3) The President and the members of the Supervisory Board shall perform their duties according to the distribution of tasks agreed at the inaugural meeting of the Supervisory Board.

(4) Members may serve on the supervisory boards of up to three companies at the same time. They must inform the elected Chairperson of the Supervisory Board of their membership of the Supervisory Board of another organisation at the inaugural meeting.

3. §

Preparation of open meetings

(1) The invitation to the meeting shall be sent out primarily by the Chairperson of the Supervisory Board or, if he is prevented from attending, by the oldest member of the other two (the Chairperson), or, if the Chairperson is prevented from attending the meeting, by the Chairperson. The Secretary-General shall send out the invitation and other relevant material for the inaugural meeting of the Supervisory Board.

(2) If any member of the Supervisory Board requests in writing to the Chairperson of the Supervisory Board that a meeting be held, stating the reason and purpose, the Chairperson of the Supervisory Board within eight days of the request shall arrange for a meeting of the Supervisory Board to be convened within thirty days. In the event of failure to convene a meeting, and if there is still a valid reason and purpose, the initiating member shall be entitled to convene the meeting by himself/herself.

(3) If, for any reason, it is not possible to convene an ordinary annual meeting of the Supervisory Board, the Chairperson of the General Assembly shall consult the Chairperson of the Supervisory Board and convene a General Assembly as necessary.

(4) In addition to the other members of the SB, the Chairperson of the Supervisory Committee shall invite in particular the President, the Secretary General and the Directors of CESCI and, if necessary, an additional member of the Working Organisation to attend the ordinary meeting as taker of minutes . Other persons may also be invited to attend, with observatory status, if the items on the agenda so justify. The Secretary General shall invite the members of the SB, the President and Directors of CESCI and, if necessary, one other member of the Working Organisation to attend the inaugural meeting as taker of minutes .

(5) The invitation shall be sent by verifiable email.

(6) The invitation shall include:

- the place and date of the meeting;
- the proposed agenda items;
- the proposals.

(7) Where justified, written proposals relating to items on the agenda may be sent to members the day before the meeting or, in particularly justified cases, may be presented orally at the meeting, except for the annual report.

(8) If the meeting has not been convened on the initiative of the Chairperson of the Supervisory Board or other members of the Supervisory Board, the person entitled to call

the meeting or his representative shall be invited to attend the meeting with an observatory status.

4. §

Closed meeting

- (1)** The Supervisory Board may, on grounds of the interests of CESCI and the individual rights, order a closed meeting or a closed agenda by a simple majority of votes.
- (2)** Only members of the Supervisory Board may attend the closed meeting.

5. §

Online meeting of the Supervisory Board

- (1)** If the quorum of the members of the Supervisory Board can only be achieved in a meeting held electronically or if the meeting is otherwise to be held online, the Supervisory Board may hold an online meeting.
- (2)** In the case of online meetings, the Chairperson of the Supervisory Board sends the proposals electronically to the other members of the Supervisory Board and to the invited persons.
- (3)** The members of the Supervisory Board and the invited persons may submit comments or questions on the proposals, either electronically within 3 working days of receipt or at the meeting, which shall be answered by the Chairperson and/or the person who submitted the proposal at the latest at the meeting. Amendments adopted prior to the meeting shall be sent by the Chairperson of the Supervisory Board to the members and invitees without delay.
- (4)** After the debate, the proposals for decisions are voted on electronically.
- (5)** Minutes of the online meeting must be taken and signed by the Chairperson. The substance of the electronic correspondence relating to the meeting shall be considered an annex to the minutes.

6. §

Minutes

- (1)** Minutes of the meetings of the Supervisory Board shall be drawn up and signed by the Chairperson of the Supervisory Board, by the taker of minutes pointed from among the members present and by the taker of minutes.
- (2)** The minutes shall include:
 - the time and place of the meeting,
 - the items on the agenda,
 - a list of those present,
 - the substance of the opinions, proposals and motions put forward at the meeting,
 - the resolutions adopted and their numbering,

- the result of the vote,
- any dissenting opinions.

(3) The numbering of the resolutions, regardless of whether a new Supervisory Board is elected during the year, shall start from 'one' in the current year, and continue in consecutive numbering until the end of the year, with the date and the words "Supervisory Board resolution".

(4) The minutes of the meetings of the Supervisory Board shall be kept at the seat of CESCI.

(5) The CESCI's Working Organisation shall assist in ensuring the conditions for the functioning of the Supervisory Board, in the preparation of its meetings and in the implementation of the decisions taken.

7. §

Adoption of the Rules of Procedure by the General Assembly

(1) The Supervisory Board shall submit its adopted rules of procedure to the General Assembly meeting following its inaugural meeting. The General Assembly shall approve the rules of procedure with retroactive effect to the date of the inaugural meeting of the Supervisory Board or request their amendment for reasons of non-compliance with the law, with specific proposals.

(2) The General Assembly's proposal for amendments must not affect the independence of the Supervisory Board and the effectiveness of control in general.

(3) If the General Assembly requests an amendment to the Rules of Procedure, the Supervisory Board shall, within 30 days of such request, re-discuss the Rules of Procedure and adopt them with the necessary amendments, unless the proposed amendments are manifestly contrary to law or to the rights or legitimate interests of others.

(4) If the amendments adopted by the Supervisory Board coincide in substance with the amendments proposed by the General Assembly, the amended agenda shall be deemed to have been approved retroactively to the date of the inaugural meeting of the Supervisory Board. Otherwise, the amendments shall be further discussed with the President of the General Assembly and the Heads of the Working Organisation, and the final amendments thus adopted by an Extraordinary General Assembly convened within a maximum of 60 days.

(5) The number of the resolution of the general meeting approving the amendment shall be entered in the annex to the rules of procedure.

8. §

Termination of mandate

(1) If the term of office of any member of the Supervisory Board expires before the expiry of his/her term of office, the General Assembly shall elect a new member for the remaining term of office at its next meeting. If the membership of the person holding the office of

Chairperson ceases, the members of the Supervisory Board shall elect a new Chairperson from among themselves within 30 days of the election of the new member.

(2) The members of the Supervisory Board may be removed from office or re-elected by the General Assembly at any time after the expiry of their term of office.

9. §

Damage, trade secret

(1) The members of the Supervisory Board shall be jointly and liable without limitation for any damage caused by a breach of their duty of control.

(2) The members of the Supervisory Board are obliged to keep business secrets of which they become aware in the course of their auditing activities, not including their statutory reporting obligations, and may disclose them to third parties only on the basis of a statutory authorisation or with the prior consent of the General Assembly.

Budapest, 23 August 2023.

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Chairperson of the Supervisory Board

Closing clause:

The present Rules of Procedure of the Supervisory Board were approved retroactively by the General Assembly meeting of October 12, 2023, by resolution/2023 (X.).

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the President of the Assembly