

Pursuant to the Gorenje, d.d. Statute Article 20 at its session, held on 19 December 2003, the Company Supervisory Board adopted the consolidated text of its Rules of procedure, adopted on 5 May 1998 and amended on 21 December 1998, 20 December 2002 and 19 December 2003, so that the consolidated text of the Rules of procedure shall read as follows:

RULES OF PROCEDURE ON THE WORK OF THE SUPERVISORY BOARD Gorenje, d.d.

Article 1

In these Rules of procedure Gorenje, d.d. Supervisory Board (hereinafter: SB) lays down the manner and organisation of its work and operation.

PRINCIPLES OF THE SB OPERATION

Article 2

Members of the SB shall be:

- Autonomous and independent from the body who has elected them when adopting decisions within their competence under law or the Statute.
- Completely equal regarding their rights, obligations and responsibilities arising from the membership in the Supervisory Board.
- Members of the Supervisory Board shall undertake to act with due diligence. Pursuant to the Companies Act the provisions on due diligence and responsibility of the members of the Management Board shall apply *mutatis mutandis* to due diligence and responsibility of the members of the SB.

SB COMPETENCIES

Article 3

The SB shall exercise its rights and obligations in accordance with the provisions of the Companies Act, the Statute and these Rules of procedure, aiming at supervising the Company operation.

ELECTION OF THE CHAIRMAN AND DEPUTY CHAIRMAN

Article 4

At its session the SB shall elect from among themselves a chairman and at least one deputy for the period of four years. Elections shall be chaired by the current chairman of the SB, and

in case the latter is excluded from the SB, by one of the deputies, or subsidiarily by the age of the oldest member of the SB.

In case the chairman or one of the deputies leaves the SB early, a session shall be convened without delay, where supplementary election is held.

Article 5

When the chairman is absent, the deputy shall act as the chairman with the right to carry out all the tasks for which the chairman is competent, save those which are explicitly excluded for the deputy.

Article 6

The chairman's competencies and responsibilities shall be as follows:

- represents the Company to the members of the Management Board,
- convenes and chairs the SB sessions,
- decides who should be invited to the SB sessions in addition to the members,
- takes care about procedural chairing and good functioning of the SB session,
- signs minutes of the sessions, decisions and other documents, which base on the SB sessions,
- supervises the implementation of the SB decisions,
- ensures openness of the work and reports to the Company Assembly,
- ensures and is held responsible that the SB operates in accordance with the law and the Statute,
- represents the SB to third parties.

Article 7

When a member of the SB board has been unduly absent for several times or has seriously or repeatedly violated his/her obligations as the SB member, the SB shall be obliged to inform the Company Assembly or, when the member was appointed by the Workers' Council, it shall inform the latter, and propose the member to be replaced.

CONVENING THE SB SESSIONS

Article 8

The SB sessions shall be convened by the chairman on his/her own initiative, the initiative of any members of the Board, or on the initiative of the Management Board, and always when that is required by the interests of the Company. In any case the session shall be convened at least three times in each financial year.

As a rule, sessions are held at the Company head office, and exceptionally elsewhere in case of valid reasons.

The SB sessions may be attended only by the members of the Supervisory Board and members of the Management Board.

Notwithstanding the provision of the previous paragraph, the chairman of the SB may invite experts or reporters to deal with individual items.

The SB shall adopt a decision whether to discuss certain issues at a closed session, where exclusively the members of the SB are present.

Article 9

Invitations shall be sent by registered mail to all the members of the SB to the latest addresses the Company has not later than 8 days prior to the date of the SB session.

Agenda shall be enclosed to the invitation, and if required in order to provide information to the members, also materials, reports and explanations to the individual agenda items. Agenda and materials may be delivered separately, however not later than three days prior to the date of the SB session.

Article 10

In case of issues which require immediate decision, the chairman may convene the session also orally by telephone. In these cases, when it is not possible to prepare the materials before the beginning of the session, oral reports shall be given.

The chairman of the SB session himself or acting on the proposal by the SB may interrupt the session in order to constitute a quorum or in order to obtain new information or materials. In case a new date of the session is fixed when the session is interrupted, a special invitation in writing is not required.

Article 11

In particularly urgent cases the chairman of the SB may decide for a correspondence session to be held.

A correspondence session decision shall be regarded as adopted when the required majority of the SB members have communicated their decision in writing, by telefax or with the help of other technical means and none of the members of the SB has opposed to such decision-making.

Minutes of such decision-making shall be drafted and transmitted to all the members of the SB.

The chairman of the SB or the person, who proposed the decision, shall be obliged to report on the reasons for convening the correspondence session at the next regular session.

AGENDA

Article 12

Agenda shall be set out by the chairman of the SB, and in case the chairman is absent, by one of his deputies, taking into account the proposals made by the members of the SB and the Management Board.

It is allowed to extend the agenda during the session itself, provided it is submitted in writing with a short explanation and proposals of decisions to be adopted, and none of the members of the SB opposes such an extraordinary extension.

DECISION MAKING IN SB

Article 13

The SB shall constitute a quorum provided all the members have been duly summoned and at least six members are present, of which one is the chairman, or in his absence, his/her deputy.

In the beginning the chairman shall be obliged to establish whether there is a quorum and ensure procedural chairing and good functioning of the session and allow the members to discuss and make decisions about the items on the agenda.

When the SB quorum is being established also those members of the SB who are not entitled to participate in individual items on the agenda as they refer to them, are taken into account. In case the quorum is not met, another session with the same agenda shall be convened.

Article 14

Voting arrangements are specified in the Statute Article 19.

As a rule, the members shall vote on the proposals for decisions by an open vote by show of hands, save in cases when the members of the SB decide that secret voting shall be taken regarding a particular issue.

The decision for secret voting shall be adopted when the majority of the members present vote for it.

Secret voting shall be conducted in such a way that later it is possible to establish how individual members of the SB voted about a particular proposal for a decision.

RECORDS

Article 15

Minutes shall be taken of all the sessions, which include the names of the present members, agenda, adopted decisions and the contents of the session. The chairman shall sign the minutes.

At the request of a member of the SB his/her opinion, which differs from the adopted decision and shall be included in the minutes, accompanied with a short explanation.

Each member of the SB shall be sent a copy of the minutes within eight days of the date of the session by registered mail or any other way which can be evidenced, and submitted for approval at the next session. Objections or wishes regarding amendments of the minutes may be filed with the chairman or the Management Board within 15 days of the receipt of the minutes. Postmark is the decisive element in considering the observation of the time limit.

The original copies of the minutes shall be kept by the Management Board and they are available to the members of the SB for consultation. Minutes shall be considered professional secrecy and they may be published in part or whole only when approved by the majority of the members of the SB.

COMMISSIONS

Article 16

The SB may adopt a decision on appointing one or more commissions for the performance of technical services by individual areas of the SB work, who prepare background documents and reports, required by the SB to work and make decisions, they establish proposals for decisions and take care about their implementation.

At least one member of the SB shall be in the commission. Competent persons from among the employees or outside experts may be appointed as members of the commission.

Commissions may not adopt decisions about the issues which are in the exclusive competence of the SB.

Rules of procedure on the work of the SB shall apply *mutatis mutandis* for the issues regarding the quorum, decision making in commissions and to all other procedural issues.

Each commission shall consist of at least three members.

The costs incurred by the commission shall be charged to the Company.

TECHNICAL SERVICES FOR SB

Article 17

The Management Board shall provide appropriate technical and financial conditions for the SB operation.

MANAGEMENT BOARD REPORTING COMMITMENT

Article 18

The Management Board shall be obliged to regularly report to the SB in writing on all the issues referred to in the Company Statute Article 21 paragraph 2, and extraordinarily on all the events that significantly concern the SB competencies and influence the Company position and operation.

Within the statutory term the Management Board shall submit the annual report to the SB to be verified and approved.

SB shall have an annual schedule of sessions, which may be amended if required.

The chairman of the Management Board shall be invited to regular and extraordinary SB sessions, following the same procedure as applied to the members of the SB.

DECLARATION OF THE SB WILL

Article 19

The will of the SB and its commissions shall be declared to the third parties by the chairman, and in case of his inability to attend, his deputy, save in cases the SB decides otherwise.

The SB shall inform the Management Board in writing and within usual time periods about all its requests, communications or decisions.

OBLIGATION OF PROFESSIONAL SECRECY

Article 20

All members are subject to the obligation of professional secret regarding all the discussions in the SB and in the commissions, as well as the business situation of the Company which have come to their knowledge when they were acting in the capacity of the SB members during the time they are members of the SB as well as when their term of office has expired.

Documents, which are submitted to the members of the SB and the Management Board considers them as professional secrecy, shall be appropriately marked in accordance with the rules on the obligation of professional secrecy in the Company.

Notwithstanding the provision of the previous paragraph, all the Company plan acts and the Management Board reports on operation, which are not public documents under special regulations, shall be considered professional secrecy.

COMMUNICATIONS

Article 21

In principle, communications to the members of the SB shall be sent by registered mail to the latest addresses the Company has, save provided otherwise in these Rules.

REIMBURSEMENT – DIRECTORS' FEES

Article 22

In accordance with the decisions, adopted by the Shareholders' Assembly, members of the SB are entitled to reimbursement of costs and directors' fees for attending the sessions.

Members of the SB shall be refunded the costs incurred by their participation in the SB on the basis of proof.

FINAL PROVISIONS

Article 23

The chairman of the SB or his deputy shall deliver a copy of these Rules of procedure to each member of the SB.

The SB shall adopt the Rules of procedure by the majority of all the SB members.

Velenje, 19 December 2003

Gorenje, d.d.
Chairman of the Supervisory Board
MSc, Marko Voljč

