



Zavarovalnica Triglav, d.d.
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triglav

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REMUNERATION REPORT FOR THE 2021 FINANCIAL YEAR



Ljubljana, 10 March 2022

1. INTRODUCTION

The Company adopted the Remuneration Policy of Zavarovalnica Triglav d.d. (hereinafter: the Remuneration Policy), which was amended in 2021 in accordance with the requirements of the Companies Act (hereinafter: ZGD-1) and the Regulation on sustainability-related disclosures in the financial services sector. The amendment to the Remuneration Policy was adopted by the Management Board of Zavarovalnica Triglav d.d. at its 24th/2021 meeting held on 11 May 2021 and the Supervisory Board of Zavarovalnica Triglav d.d. at its 4th/2021 session held on 18 May 2021. In accordance with the transitional provisions of the amended ZGD-1K, the Remuneration Policy will be submitted for approval to the General Meeting of Shareholders of Zavarovalnica Triglav d.d. at its first meeting following the amendment to the ZGD-1K (i.e. 24 August 2021). The first next meeting after 24 August 2021 will be this year's General Meeting of Shareholders, which is scheduled for 24 May 2022 in accordance with the published Financial Calendar.

The Remuneration Policy contains basic provisions regarding the remuneration of employees and members of the Company's management and supervisory bodies. The Policy is designed to ensure the maintenance of appropriate capital strength of the Company, encourage reliable and effective risk management, limit the assumption of risks exceeding the allowed (acceptable) risk limits of the Company, and provide for the acquisition and retention of appropriately professionally qualified, competent, responsible and engaged employees. By carrying out this Policy, Zavarovalnica Triglav d.d. implements a robust and reliable management system and ensures business integrity and transparency.

This report was drawn up based on Article 294b of the ZGD-1 and contains a comprehensive overview of remuneration of the members of management and supervisory bodies in accordance with the relevant legislation and the Remuneration Policy.

2. PRESENTATION OF REMUNERATION OF THE MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES AT ZAVAROVALNICA TRIGLAV D.D. IN 2021

2.1 Remuneration of the members of the Management Board of Zavarovalnica Triglav d.d. in 2021:

Remuneration of the President and members of the Management Board is determined in proportion to their duties and responsibilities, the volume of business of the Company and the Group, their financial position and business results, taking into account the limitations set by the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities (Official Gazette of the Republic of Slovenia, Nos 21/10 as amended, hereinafter: ZPPOGD) and implementing regulations issued on its basis. Remuneration of Management Board members is set at such a level that it promotes the achievement of strategic and planning goals, reliable and efficient risk management, the sustainability orientation and ensures the long-term sustainability of operations.

Remuneration of the Management Board consists of the basic salary (the fixed part), variable remuneration (the variable part of the salary) and other rights and benefits determined by the Rules adopted by the Supervisory Board (the right to use company-owned assets for business

and private purposes, the right to insurance and the right to payments provided to the Management Board members as Company employees by the applicable legislation and the collective agreement binding on the Company, e.g. pay for annual leave, jubilee benefits, salary compensation).

The basic salary of the President of the Management Board is set at five times the average gross salary in the previous financial year, paid in the Triglav Group companies headquartered in the Republic of Slovenia and consolidated in the annual report in accordance with the ZGD-1. The basic salary of a Management Board member is set at 95% of the basic salary of the President of the Management Board.

The President and members of the Management Board are entitled to variable remuneration provided that the Triglav Group not only generated profit in the previous year but also surpassed the set objectives. The variable remuneration or annual performance bonus is set at a maximum of 30% of the basic salaries paid annually. Monitoring the achievement of annual and medium-term objectives and evaluating the work of the Management Board members at regular intervals is ensured by the criteria defined by the Supervisory Board. Both financial criteria (e.g. premium, claims, costs, profit) and non-financial criteria are taken into account.

The criteria for calculating the Management Board's performance are designed to determine the level of achievement of annual and medium-term business objectives adopted in annual plans and strategic documents. The definition of a specific objective includes the following: its description, the expected target value, the assigned weight and the method for measuring or assessing its achievement. The method used to calculate performance measures deviations from the set goals by awarding variable remuneration for exceeding the planned objectives and reducing the basic salary in the event of underperformance. The described method for calculating performance encourages and motivates the Management Board to achieve strategic and planning goals, to ensure reliable and efficient risk management and to meet the Company's sustainability commitments. Using the methodology described above, the Supervisory Board once a year, after approving or accepting the annual report, determines the entitlement to payment and decides on the payment of variable remuneration or a reduction in the basic salary (up to 10%). If the Supervisory Board decides that the Management Board members are entitled to variable remuneration, it will not be paid in full for the previous year, but the payment of 40% of the bonus will be deferred for two years and the payment of 10% of the bonus for three years. If the term of office of a Management Board member expires before the end of the deferral period, they will be entitled to 40% of variable remuneration at the end of their term of office, while 10% of the deferred part of variable remuneration will be paid after the three-year deferral period. If the term of office of the President of the Management Board is less than two years, they will not be entitled to 50% of variable remuneration.

In 2021, no member of the Management Board was granted or provided any financial benefits or contributions or services by a third party in connection with their activity as a Management Board member. Furthermore, no Management Board member was granted any financial benefits or contributions or services due to early or regular or any other termination of the term of office, as no Management Board member's term of office was terminated in 2021.

In 2021, the Management Board members did not receive any remuneration from other Triglav Group companies.

The Company has no guaranteed shares or stock options.

The possibility of returning the already paid variable remuneration, which is provided for in the ZGD-1, was not used in 2021 (there were no requests for return of already paid variable remuneration in 2021).

A: Remuneration of the Management Board members in 2021

EUR

First and last name	Function	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Fixed remuneration*	Variable remuneration								
			Paid out**	Deferred***							
Andrej Slapar	President	197,563	53,634	60,261	78,139	0	0	0	251,197	30%	0
Uroš Ivanc	Member	188,487	50,953	57,248	49,819	0	0	0	239,440	30%	0
Tadej Čoroli	Member	188,487	50,953	57,248	54,167	0	0	0	239,440	30%	0
Barbara Smolnikar	Member	187,763	47,095	57,248	54,402	0	0	0	234,858	30%	0
David Benedek	Member	187,798	26,652	35,211	55,352	0	0	0	214,450	30%	0
Marica Makoter	Member	187,798	50,953	57,248	53,991	0	0	0	238,751	30%	0
Benjamin Jošar	Member until 2 November 2017	0	3,857	0	0	0	0	0	3,857	30%	0

* Fixed remuneration includes salary, pay for annual leave and jubilee benefits.

** The paid variable remuneration contains the third portion of the bonus for 2017, the second portion of the bonus for 2018 and the first portion of the bonus for 2020, which were paid in 2021.

*** The deferred variable remuneration contains the third portion of the bonus for 2018, the second and third portions of the bonus for 2019 and the second and third portions of the bonus for 2020, which will be paid in the coming years.

**** The benefits and SVPI include the benefits for company cars, the benefits for insurance premiums and the supplemental voluntary pension insurance premium.

***** Total remuneration includes salary, pay for annual leave, jubilee benefits and variable remuneration paid in an individual year (does not include benefits, SVPI and deferred bonuses).

The disclosure does not include travel expenses, accommodation costs and daily allowance as, by their nature, they are not considered remuneration of the Management Board.

2.2 Remuneration of the Supervisory Board members and the members of the Supervisory Board committees of Zavarovalnica Triglav d.d. in 2021:

Remuneration of Supervisory Board members is determined by a resolution adopted by the General Meeting of Shareholders of Zavarovalnica Triglav d.d. and consists of remuneration for performing the function, bonuses for performing the functions of Chairman and Vice Chairman of the Supervisory Board and of members of Supervisory Board committees, attendance fees for attending meetings, and any travel and accommodation expenses. External committee members are paid for their work in the committees from the funds intended for the work of the Supervisory Board. The amount of remuneration of external members is determined by the Supervisory Board in an appropriate relation to the remuneration of the Supervisory Board members and is not tied to the resolution of the General Meeting of Shareholders.

In 2021, the members of the Supervisory Board and its committees did not receive any remuneration from other Triglav Group companies.

The Company has no guaranteed shares or stock options.

B: Gross remuneration paid to the members of the Supervisory Board and committees in 2021

EUR

First and last name	Function	Performance of the function in 2021	(1) Remuneration for performing the function – gross	(2) Attendance fees for the SB and committees – gross	(3) Total remuneration – gross (1 + 2)	(4) Travel expenses – gross*	(5) Remuneration from any Group company**
Andrej Andoljšek	Chairman	1 Jan.–31 Dec. 2021	26,125	2,981	29,106	278	0
Branko Bračko	Vice Chairman	14 Jun.–31 Dec. 2021	12,028	1,265	13,293	555	0
Tomaž Benčina	Member	14 Jun.–31 Dec. 2021	11,224	1,265	12,489	317	0
Peter Kavčič	Member	14 Jun.–31 Dec. 2021	12,229	1,705	13,934	1,275	0
Igor Stebernak	Member	1 Jan.–31 Dec. 2021	20,406	7,557	27,963	337	0
Jure Valjavec	Member	14 Jun.–31 Dec. 2021	10,219	1,265	11,484	0	0
Milan Tomaževič	Vice Chairman	1 Jan.–13 Jun. 2021	10,018	1,716	11,734	278	0
Žiga Škerjanec	Member	1 Jan.–13 Jun. 2021	10,188	5,852	16,040	278	0
Mario Gobbo	Member	1 Jan.–13 Jun. 2021	9,339	2,156	11,495	0	0
Peter Celar	Member	1 Jan.–31 Dec. 2021	20,210	6,721	26,931	730	0
Branko Gorjan	Member	1 Jan.–31 Dec. 2021	18,708	2,981	21,689	0	0
Igor Zupan	Member	1 Jan.–31 Dec. 2021	18,708	3,421	22,129	278	0
Simon Kolenc	External committee member	1 Jan.–13 Jun. 2021	3,396	1,045	4,441	0	0
Luka Kumer	External committee member	18 Aug.–31 Dec. 2021	2,782	275	3,057	0	0
Boštjan Koler	External committee member	1 Jan.–25 May 2021	1,504	2,200	3,704	0	0

* Travel expenses, by their nature, are not considered remuneration but are intended to reimburse the costs incurred in performing the function, which the members of the supervisory boards claim in their personal income tax assessment.

3. ANNUAL CHANGE IN REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD, PERFORMANCE OF THE COMPANY AND AVERAGE REMUNERATION OF COMPANY EMPLOYEES IN THE LAST FIVE FINANCIAL YEARS

The table below shows that in the last five years the growth of the Triglav Group's operations was adequately reflected in the growth of the average salary of employees and the salary of the President and members of the Management Board. The amount of basic remuneration and attendance fees of the Supervisory Board members did not change in the last five years.

C: Comparison of the growth of remuneration of the Management Board members in relation to the growth of remuneration of Group employees and in relation to the Triglav Group's performance

REMUNERATION	2017/2016	2018/2017	2019/2018	2020/2019	2021/2020
Growth of the average salary of Group employees compared to the previous year*	6.2%	4.4%	3.8%	4.8%	6.9%
Growth of the fixed part of the salary of the President of the Management Board compared to the previous year**	6.0%	6.2%	4.4%	3.8%	4.8%
Growth of the fixed part of the salary of a Management Board member compared to the previous year***	6.0%	6.2%	4.4%	3.8%	4.8%
Growth of basic remuneration and attendance fees of the Supervisory Board members compared to the previous year	0.0%	0.0%	0.0%	0.0%	0.0%
TRIGLAV GROUP PERFORMANCE RATIOS	2017/2016	2018/2017	2019/2018	2020/2019	2021/2020
Growth of the Triglav Group's total revenue compared to the previous year	6.9%	6.7%	11.2%	4.6%	10.4%
Growth of the ZVTG share closing price compared to the closing price of the previous year	24.6%	4.8%	9.9%	-9.9%	22.7%
Employee number growth	2.1%	0.3%	2.2%	0.7%	-1.0%
	2017	2018	2019	2020	2021
Return on equity (ROE)	9.3%	10.8%	10.9%	8.9%	12.5%
Combined ratio	93.1%	91.8%	91.5%	91.2%	88.9%
Number of employees as at 31 December	5,151	5,166	5,281	5,316	5,264
Gross written premium per Triglav Group insurance company employee	224,171	237,579	260,516	267,485	292,282

* The amount of salary is calculated in accordance with the ZPPOGD.

** The fixed part of the salary is five times the average salary calculated in accordance with the ZPPOGD for the previous year.

*** The fixed part of the salary is 95% of the fixed part of the salary of the President of the Management Board.

4. CONCLUSION

The remuneration of management and supervisory bodies in Zavarovalnica Triglav d.d. in 2021 complied with the adopted Remuneration Policy and there were no deviations.

Andrej Slapar
President of the Management
Board

Uroš Ivanc
Management Board member

Tadej Čoroli
Management Board member

Barbara Smolnikar
Management Board member

David Benedek
Management Board member

Marica Makoter
Management Board member

5. AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT RELATED TO REMUNERATION REPORT FOR YEAR 2021

To the Shareholders of Zavarovalnica Triglav d.d.

We have performed limited assurance engagement as to whether the Remuneration Report ('the Report') for the year ended 31 December 2021, prepared by the Management Board and the Supervisory Board of Zavarovalnica Triglav d.d. (hereinafter 'the company'), is prepared in accordance with the requirements of Article 294.b of the Companies Act (hereinafter 'ZGD-1').

Identification criteria

In accordance with the requirement of ZGD-1 we have examined whether the Report contains all the information required by paragraphs 2 and 3 of Article 294.b of ZGD-1. The auditor's task is not to verify the actual accuracy of the Report and the information contained therein.

Purpose of the report

Our limited assurance report is intended solely to meet the requirements of Article 294.b of the Companies Act and for your information and may not be used for any other purpose. Our report relates only to the Remuneration report and does not apply to the financial statements of the company as a whole.

The responsibility of the Management Board and Supervisor Board for the Report

The Management Board and Supervisory Board are responsible for the preparation of the Report in accordance with Article 294.b of ZGD-1. The Management Board is responsible for publishing the Report on the Company's website immediately after the voting at the Shareholder's meeting, where it must be available free of charge for ten years.

The Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error and that is consistent with legal requirements.



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Auditor's Responsibility

Our responsibility is to express our conclusion on limited assurance for the Report based on the procedures we carried out and on the evidence we obtained. Our limited assurance engagement was carried out in accordance with International Standard on Assurance Engagements (ISAE) 3000 – *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. Pursuant to the standard, the auditor shall plan and perform the engagement in the way that will allow the auditor to obtain limited assurance that nothing has come to the auditor's attention that would cause the auditor to believe that the Report includes material misstatement in terms of compliance with the requirements of Article 294.b of ZGD-1.

Our independence and quality control

We performed our work in accordance with independence and ethical requirements under the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by International Ethics Standards Board for Accountants (IESBA Code). The Code is prepared based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

As a part of its compliance with International Standards on Quality Control (ISQC 1), our company maintains a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of the work performed

The nature and scope of our procedures were determined on the basis of risk assessment and our professional judgement with the purpose to obtain limited assurance.

The procedures for obtaining evidence in a limited assurance engagement are more limited in relation to a reasonable assurance engagement; therefore, less assurance is provided than in reasonable assurance or audit engagements.

The procedures carried out within the scope of our engagement include:

- Understanding the resolutions of the Shareholder's meeting regarding the adopted remuneration policy and inquiring with the Management Board, the Supervisory Board and other employees in order to gain an understanding of the remuneration policy and the procedures implemented by the company in preparing the Report;
- obtaining a list of persons for whom there is an obligation to include data in the Report in the year for which the Report is being prepared and verifying that their remuneration is disclosed in the Report;
- verification that the Report contains all the information required by paragraphs 2 and 3 of Article 294.b of ZGD-1.

We believe that the obtained evidence is sufficient and appropriate to provide basis for our conclusion.



Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that would cause us to believe that the Report for the year ended 31.12.2021 as prepared by the Company does not, in all material respect, include the information as required by paragraph 2 and 3 of Article 294.b of ZGD-1.

Emphasis of Matter

As disclosed in *Chapter 1. Introduction to the Remuneration Report*, the amendment to the Remuneration Policy was adopted by the Management Board of Zavarovalnica Triglav, d.d. on 24/21st meeting on 11 May 2021 and by the Supervisory Board of Zavarovalnica Triglav, d.d. at the 21st meeting on 18 May 2021. The company did not propose the Remuneration Policy to the General Meeting for voting, as provided for in paragraph 1 of Article 294.a of ZGD-1, therefore the General Meeting did not vote on it. Our opinion is not modified in respect of this matter.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

For signature please refer to the original Slovenian version.

Ljubljana, 10 March 2022

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