

**Presentation of the Policy on the Remuneration of the
Members of Management and Supervisory Bodies of
Zavarovalnica Triglav, d. d. and the Policy on the
Remuneration of the Members of the Management
Bodies of the Top Three Subsidiaries of the Triglav Group
for 2019**

Ljubljana, 20 April 2020

Index of contents

1. INTRODUCTION.....	3
2. REMUNERATION OF THE MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES OF ZAVAROVALNICA TRIGLAV, FOR 2019.....	3
2.1. <i>CRITERIA FOR THE DETERMINATION OF THE VARIABLE PART OF PAY RECEIVED BY MANAGEMENT BODY MEMBERS</i>	3
2.2. <i>REMUNERATION POLICY OF ZAVAROVALNICA TRIGLAV INTERNAL ACT</i>	4
2.3. <i>DETERMINATION OF THE OTHER RIGHTS OF MANAGEMENT BODY MEMBERS</i>	4
3. REMUNERATION OF THE MEMBERS OF MANAGEMENT BODIES OF THE TOP THREE SUBSIDIARIES OF THE TRIGLAV GROUP FOR 2019.....	7
3.1. DETERMINATION OF THE OTHER RIGHTS OF MANAGEMENT BODY MEMBERS.....	7
3.1.1. Triglav, Zdravstvena zavarovalnica, d. d.,.....	7
3.1.2. Pozavarovalnica Triglav RE, d.d.,.....	9
3.1.3. Triglav Osiguranje, d. d., Zagreb,.....	11

1. INTRODUCTION

In accordance with the provisions of the Companies Act, the Management Board and the Supervisory Board hereby present the General Meeting of Zavarovalnica Triglav, d. d. with the Presentation of the Policy on the Remuneration of the Members of Management and Supervisory Bodies of Zavarovalnica Triglav, d. d. and the Policy on the Remuneration of the Members of the Management Bodies of the Top Three Subsidiaries of the Triglav Group for 2019.

2. REMUNERATION OF THE MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES OF ZAVAROVALNICA TRIGLAV, D. D. FOR 2019

The remuneration of Management Board and Supervisory Board members in 2019 is disclosed in the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav, d. d. for 2019, i.e. chapters 5.3.2.2 and 5.3.3.2 of the business section and chapter 5.5 of the financial section of the Annual Report.

The average gross salary for 2018 at the Triglav Group companies headquartered in the Republic of Slovenia that were also part of the full consolidation of the Triglav Group in accordance with the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities (ZPPOGD) amounted to EUR 3,003.24 gross.

2.1. CRITERIA FOR THE DETERMINATION OF THE VARIABLE PART OF PAY RECEIVED BY MANAGEMENT BODY MEMBERS

The Management Board is entitled to variable pay provided the Triglav Group operated with a profit in the previous financial year and simultaneously exceeded the set operating targets, whereby the variable pay may amount to a maximum of 30% of the annual basic salary. The amount and entitlement to the variable income – annual bonus is set in accordance with the provisions of the ZPPOGD, Regulation on setting the highest correlation of basic payments and the rate of variable remuneration of directors, the Policy on Remuneration at Zavarovalnica Triglav and the Methodology for the Calculation of Performance Ratio for the Purpose of the Determination of the Annual Bonus and the lowering of the Basic Salary of Management Board members (hereinafter: Methodology).

The Methodology is determined by the Supervisory Board. The amount of the bonus is set by taking into account the KPI for an individual financial year. The calculation of the performance ratio takes into account the following ancillary ratios: insurance premium ratio, operating

expenses ratio, ratio of combined ratios, ROA, profit margin, P/E ratio and employee satisfaction. The value of the combined ratio is normalised to the value of 1. If the value of the ratio is 1, the Triglav Group has attained the planned ancillary ratio values in the given financial year, and if its is greater than 1, the planned ratios were exceeded on average, while a ratio of less than 1 means that the planned ratios were not attained on average. Ancillary ratios are expressed as the ratio between the planned and attained categories for the financial year for which the performance ratio is calculated.

The entitlement to the annual bonus is determined by the Supervisory Board once a year, i.e. after the confirmation or upon the adoption of the annual report with account taken of the operating performance ratio.

The Management Board is not entitled to the bonus if the performance ratio is lower than 1. If the performance ratio were lower than 1 the basic salary of the Management Board calculated subject to the conditions laid down in the Methodology is lowered by 5% or 10%.

The Management Board of Zavarovalnica Triglav, d. d. does not receive other types of eventual bonuses.

2.2. REMUNERATION POLICY OF ZAVAROVALNICA TRIGLAV, D. D. INTERNAL ACT

Zavarovalnica Triglav, d. d. has put in place the Remuneration Policy of Zavarovalnica Triglav, d. d., which is based on Solvency II (2009/138/EC) supplemented by Directive 2012/23/EU and Delegated Commission Regulation EU 2015/35 supplementing Directive 2009/138/EC and relates to all employees at Zavarovalnica Triglav, d. d. The Policy was adopted by the Management Board and the Supervisory Board of Zavarovalnica Triglav, d. d. and it represents a business secret. The provisions of the Policy relating to the remuneration of Management Board members comply with the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities and are disclosed each financial year through the presentation of the remuneration of the Management Board in the annual reports of the Triglav Group and Zavarovalnica Triglav, d. d.

2.3. DETERMINATION OF THE OTHER RIGHTS OF MANAGEMENT BODY MEMBERS

Other rights and benefits of the members of the Management Board of Zavarovalnica Triglav, d. d. are laid down in the Rules on the Determination of Other Rights which were adopted based on Article 6 of the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities (hereinafter: ZPPOGD) on 4 July 2014 by the Supervisory Board, while the General Meeting of Zavarovalnica

Triglav, d. d., was briefed on the said Rules on 9 June 2015. The said Rules list each right of Management Board members and the maximum permitted amount of an individual right or benefit.

The following rights of the President and members of the Management Board of Zavarovalnica Triglav, d. d. must be stipulated in employment contracts in addition to the basic salary and variable part of pay which must be set in accordance with the ZPPOGD and the Regulation on setting the highest correlation of basic payments and the rate of variable remuneration of director:

- the right to wage compensation for the duration of absence in cases, for the duration and in the amount as laid down by the law and the Collective Agreement of Zavarovalnica Triglav, d. d. (hereinafter: CA ZT);
- the right to holiday pay in the amount laid down in the Act Amending the Additional 2012 Intervention Measures Act (Official Gazette of the Republic of Slovenia, No. 43/2012), and after the expiry of the validity of the said act, the right in the amount as laid down by the applicable CA ZT;
- the right to a per diem for business trips at home and abroad pursuant to the law and implementing regulations, the right to the reimbursement of expenses for meals during work on days employees are present at work, the right to travel in business class when travelling by air on business trips, and the reimbursement of expenses for transport to and from work provided they do not use a company car for private purposes as well, i.e. in accordance with the CA ZT;
- the right to a jubilee benefit under the conditions and in the amount laid down for ZT, d. d. employees by the CA ZT; - the right to severance pay upon retirement in the amount of 3 average monthly basic salaries over the last three months prior to the termination of the employment relationship;
- the right to a 12-month cash compensation in case the non-compete clause is exercised which prevents the President or member of the Management Board from earning an income that is comparable to their salary at Zavarovalnica Triglav, d. d., i.e. up to a maximum of 80% of the average monthly basic salary over the last three months prior to the termination of the employment contract, while if the difference between the income (monthly or calculated to a monthly rate) during the time the non-compete clause is in effect and the average monthly basic salary the last three months prior to the termination of the employment contract is lower than 80%, then only in the amount of such difference, but not less than the legally prescribed minimum;
- the right to liability insurance for the Management Board for management at the Company and the performance of the function of supervision at the subsidiaries of the Triglav Group including the payment of all expenses, taxes and contributions for such insurance, i.e. in the maximum amount of EUR 6,000 per year;

- the right to use the company car for business and private purposes including the right to use the card for fuel payments and the reimbursement of the expenses for the use of traffic infrastructure at home and abroad;
- the right to use the company mobile phone for business and private purposes;
- the right to the annual health check-ups for managers including a preventative health programme in the total maximum amount of EUR 3,000;
- the right to collective accident insurance for the employees at Zavarovalnica Triglav, d. d., i.e. under the conditions applying to all employees of Zavarovalnica Triglav, d. d.;
- the right to the co-financing of voluntary supplementary pension insurance (PDPZ) and voluntary pension insurance (PPZ) in the amount and under the conditions laid down in the Agreement on the Formulation of the PDPZ Pension Plan for Zavarovalnica Triglav, d. d. Employees;
- the right to the payment of an additional annual premium for voluntary pension insurance (PPZ), i.e. to the President of the Management Board in the amount of two monthly basic salaries set in accordance with the ZPPOGD, a Management Board member in the amount of one monthly basic salary set in accordance with the ZPPOGD in proportion to the duration of the employment relationship in the position of President or member of the Management Board respectively in an individual calendar year provided the president or member of the Management Board has joined the PPZ;
- the right to the payment of the premium for life insurance in the amount the monthly basic salary set in accordance with the ZPPOGD, i.e. in proportion to the duration of the employment relationship in the position of President or member of the Management Board respectively;
- the right to the reimbursement of all expenses related to education lasting up to 10 business days per year, i.e. in the maximum amount of EUR 10,000 per year;
- the right to the reimbursement of the costs of membership fees for various associations and industry organisations related to the performance of their respective functions, i.e. up to a maximum of EUR 3,000 per year.

The maximum permitted amount and conditions for the payout of the severance pay for the members of the Management Board are disclosed in the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav, d. d. for 2019, i.e. chapter 5.5 of the financial section of the Annual Report.

Members of the Management Board of Zavarovalnica Triglav, d. d. and employees at Zavarovalnica Triglav, d. d. shall not be entitled to payment for the management of subsidiaries as a result of the performance of the function of member of the supervisory body or other tasks at the subsidiaries of the Triglav Group.

3. REMUNERATION OF THE MEMBERS OF MANAGEMENT BODIES OF THE TOP THREE SUBSIDIARIES OF THE TRIGLAV GROUP FOR 2019

The remuneration of the members of management boards of the top three subsidiaries of the Triglav Group, i.e. Triglav, zdravstvena zavarovalnica, d. d., Pozavarovalnica Triglav RE, d. d. and Triglav Osiguranje, d. d., Zagreb, in 2019 are disclosed in the appended tables.

3.1. DETERMINATION OF THE OTHER RIGHTS OF MANAGEMENT BODY MEMBERS

Other rights and benefits of the members of the management boards of the top two Slovenian subsidiaries in the Triglav Group, i.e. Triglav, Zdravstvena zavarovalnica, d. d. and Pozavarovalnica Triglav RE, d. d., are laid down in the Rules on the Determination of Other Rights which were adopted based on Article 6 of the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities (hereinafter: ZPPOGD) by the supervisory boards of the two companies. The said Rules list each right of management board members and the maximum permitted amount of an individual right or benefit.

3.1.1. Triglav, Zdravstvena zavarovalnica, d. d.

The employment contract of the president and member of the Management Board of Triglav, Zdravstvena zavarovalnica, d. d. shall lay down the basic salary and the variable part of pay in accordance with the ZPPOGD and the Regulation on setting the highest correlation of basic payments and the rate of variable remuneration of director, whereby the basic salary of the President of the Management Board of Triglav, Zdravstvena zavarovalnica, d. d. shall in no event exceed 85% of the basic salary of the President of the Management Board of Zavarovalnica Triglav, d. d., while the basic salary of a member of the Management Board of Triglav, Zdravstvena zavarovalnica, d. d. shall not exceed 90% of the basic salary of the President of the Management Board of Triglav, Zdravstvena zavarovalnica, d. d.

The employment contract of the President and member of the Management Board of Triglav, Zdravstvena zavarovalnica, d. d. may also stipulate the following rights:

- the right to wage compensation for the duration of absence in cases, for the duration and in the amount as laid down by the law;
- the President and member of the Management Board shall have the right to holiday pay in the same amount as is received by other employees at the company;
- the right to a per diem for business trips at home and abroad pursuant to the law and implementing regulations, the right to the reimbursement of expenses for meals during

- work on days employees are present at work, the right to the reimbursement of expenses for transport to and from work provided they do not use a company car for private purposes as well, i.e. in the maximum amount that is not included in the tax base for employment income under the Decree on the tax treatment of reimbursement of costs and other income from employment (Official Gazette of the Republic of Slovenia, Nos. 140/06 and 76/08);
- the right to a jubilee benefit under the conditions in the amount which is not included in the tax base for employment income under the Decree on the tax treatment of reimbursement of costs and other income from employment (Official Gazette of the Republic of Slovenia, Nos. 140/06 and 76/08);
 - the right to severance pay upon retirement in the amount of 3 average monthly basic salaries over the last three months prior to the termination of the employment relationship;
 - the right to a 12-month cash compensation in case the non-compete clause is exercised which prevents the President or member of the Management Board from earning an income that is comparable to their salary, i.e. up to a maximum of 50% of the average monthly basic salary over the last three months prior to the termination of the employment contract, while if the difference between the income (monthly or calculated to a monthly rate) during the time the non-compete clause is in effect and the average monthly basic salary the last three months prior to the termination of the employment contract is lower than 50%, then only in the amount of such difference, but not less than the legally prescribed minimum;
 - the right and the obligation of the President and member of the Management Board to hold liability insurance for the management or representation as well as the performance of supervisory functions at the subsidiaries of the Triglav Group in accordance with the Policy of Zavarovalnica Triglav, d. d. including the payment of all costs, taxes and contributions for such insurance, i.e. in the maximum amount of EUR 6,000 per year, whereby the insurance contract must indicate a deductible in the minimum amount of 10% of the damage or loss, but not more than 1.5 times the fixed annual remuneration of the President or member of the Management Board;
 - the right to use the company car for business and private purposes including the right to use the card for fuel payments and the reimbursement of the expenses for the use of traffic infrastructure at home and abroad;
 - the right to use the company mobile phone for business and private purposes;
 - the right to the annual health check-ups for managers in the total maximum amount of EUR 2,000;
 - the right to collective accident insurance for the employees at Triglav, Zdravstvena zavarovalnica, d. d., i.e. under the conditions applying to all employees of the company;
 - the right to the payment of the premium for life insurance in the amount one monthly basic salary annually at Zavarovalnica Triglav, d. d., i.e. in proportion to the duration of the term of office of the President or member of the Management Board in an individual calendar year;

- the right to the co-financing of voluntary supplementary pension insurance (PDPZ) and voluntary pension insurance (PPZ) in the amount and under the conditions laid down in the Agreement on the Formulation of the PDPZ Pension Plan for Triglav, Zdravstvena zavarovalnica, d. d. Employees;
- the right to the reimbursement of all expenses related to education in the area of the company's activity, work organisation, management and communication lasting up to 10 business days per year, i.e. in the maximum amount of EUR 10,000 per year;
- the right to the reimbursement of the costs of membership fees for various associations and industry organisations related to the performance of their respective functions, i.e. up to a maximum of EUR 1,000 per year.

3.1.2. Pozavarovalnica Triglav RE, d. d.

The employment contract of the president and member of the Management Board of Zavarovalnica Triglav RE, d. d. shall lay down the basic salary and the variable part of pay in accordance with the ZPPOGD and the Regulation on setting the highest correlation of basic payments and the rate of variable remuneration of director, whereby the basic salary of the President and members of the Management Board of Zavarovalnica Triglav RE, d. d. shall in no event exceed 90% of the basic salary of the member of the Management Board of Zavarovalnica Triglav, d. d.

The employment contract of the President and members of the Management Board of the company shall also stipulate the following rights:

- the right to wage compensation for the duration of absence in cases, for the duration and in the amount as laid down by the law;
- the right of the President and member of the Management Board to holiday pay in the amount laid down in the Act Amending the Additional 2012 Intervention Measures Act (Official Gazette of the Republic of Slovenia, No. 43/2012) or another act. If the right to holiday pay is not arranged by legislative provisions, they shall be entitled to an amount laid down by the CA ZT;
- the right to a per diem for business trips at home and abroad pursuant to the law and implementing regulations, the right to the reimbursement of expenses for meals during work on days employees are present at work, the right to the reimbursement of expenses for transport to and from work provided they do not use a company car for private purposes as well, i.e. in the maximum amount that is not included in the tax base for employment

- income under the Decree on the tax treatment of reimbursement of costs and other income from employment (Official Gazette of the Republic of Slovenia, Nos. 140/2006 and 76/08);
- the right to a jubilee benefit under the conditions in the amount which is not included in the tax base for employment income under the Decree on the tax treatment of reimbursement of costs and other income from employment (Official Gazette of the Republic of Slovenia, Nos. 140/2006 and 76/08);
 - the right to severance pay upon retirement in the amount of 3 average monthly basic salaries over the last three months prior to the termination of the employment relationship;
 - the right to a 12-month cash compensation in case the non-compete clause is exercised which prevents the President or member of the Management Board from earning an income that is comparable to their salary at the company, i.e. up to a maximum of 50% of the average monthly basic salary over the last three months prior to the termination of the employment contract, while if the difference between the income (monthly or calculated to a monthly rate) during the time the non-compete clause is in effect and the average monthly basic salary the last three months prior to the termination of the employment contract is lower than 50%, then only in the amount of such difference, but not less than the legally prescribed minimum;
 - the right and the obligation of the Management Board to hold liability insurance for management at the company and the performance of the function of supervision at the subsidiaries of the Triglav Group in accordance with the Policy of Zavarovalnica Triglav, d. d. including the payment of all expenses, taxes and contributions for such insurance, i.e. in the maximum amount of EUR 6,000 per year;
 - the right to use the company car for business and private purposes including the right to use the card for fuel payments and the reimbursement of the expenses for the use of traffic infrastructure at home and abroad;
 - the right to use the company mobile phone for business and private purposes;
 - the right to the annual health check-ups for managers in the total maximum amount of EUR 2,000;
 - the right to collective accident insurance for the employees at Pozavarovalnica Triglav RE, d. d., i.e. under the conditions applying to all employees of the company;
 - the right to the co-financing of voluntary supplementary pension insurance (PDPZ) and voluntary pension insurance (PPZ) in the amount and under the conditions laid down in the Agreement on the Formulation of the PDPZ Pension Plan for Pozavarovalnica Triglav RE, d. d. Employees;
 - the right to the payment of the premium for life insurance at Zavarovalnica Triglav, d. d., i.e. in the amount of the basic monthly gross salary annually at Pozavarovalnica Triglav RE, d. d. in proportion to the duration of the term of office of the President or member of the Management Board in an individual calendar year;

- the right to the reimbursement of all expenses related to education in the area of the (re)insurance profession, work organisation, management and communication lasting up to 10 business days per year, i.e. in the maximum amount of EUR 10,000 per year;
- the right to the reimbursement of the costs of membership fees for various associations and industry organisations related to the performance of their respective functions, i.e. up to a maximum of EUR 1,000 per year.

3.1.3. Triglav Osiguranje, d. d., Zagreb

The Triglav Osiguranje, d. d., Zagreb subsidiary operates in the territory of the Republic of Croatia which is why it is not subject to the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities. The overall scope of rights and remuneration of management body members is lower at all subsidiaries than the one set for the members of the Management Board of Zavarovalnica Triglav, d. d. and is adjusted subject to the volume of operations of a given subsidiary as well as the conditions on the markets on which it operates.

Appendices:

- Tables of remuneration of the members of the management boards of the top three subsidiaries in the Triglav Group

Management Board and Supervisory Board
of Zavarovalnica Triglav, d.d.