

This statement of Zavarovalnica Triglav, d.d., for business year 2019 is the Position Statement regarding the Corporate Governance Code for state owned enterprises adopted in May 2017 and the Recommendations and Expectations of the Slovenian Sovereign Holding adopted in March 2018 issued by the Slovenian Sovereign Holding, d.d., and available on the website www.sdh.si.

Zavarovalnica Triglav, d.d., departs from the Corporate Governance Code for state owned enterprises and the Recommendations and Expectations of the Slovenian Sovereign Holding with justification regarding the following provisions:

1. Corporate Governance Code for state owned enterprises (hereinafter: the Code)
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Based on the Stock Exchange Rules and the Guidelines for Disclosure of Listed Companies, Zavarovalnica Triglav, d.d., as a listed company in the Prime Market of Ljubljana Stock Exchange, should use the Slovene Corporate Governance Code in its operations to a highest extent possible. The Slovene Corporate Governance Code also covers the provisions of the Code in terms of content and meaning. Irrespective of the above, Zavarovalnica Triglav, d.d., provides this Position Statement regarding the provisions of the Code.

- Item 6.1

Zavarovalnica Triglav, d.d., partly departs from the Code regarding the succession plan for the members of the management, which has not been formally prepared by the Supervisory Board.

- Item 6.4.1

Zavarovalnica Triglav, d.d., does not publish the competence profiles on its website, but the Supervisory Board regularly sees to the fit and proper assessments of individual members of the Supervisory Board as well as the composition of the Supervisory Board as a whole, by taking into account the competence profiles of each member and the body as a whole.

- Item 6.15.1

The Chairman of the Supervisory Board is the Chairman of the Appointments and Remuneration Committee. To facilitate coordination and the conduct of procedures, it is deemed reasonable that the Chairman of the Supervisory Board is the chairman of the above committee.

▪ Item 8.3

Zavarovalnica Triglav, d.d., partly departs from the Code, as it does not disclose remuneration and other rights of each member of management and supervisory bodies for every subsidiary, but only for the controlling company, with each subsidiary disclosing their remuneration and other rights in their respective annual reports. Due to personal data protection, Zavarovalnica Triglav, d.d., does not disclose remuneration arising from an employment relationship of the Supervisory Board members who are workers' representatives.

▪ Item 10.1

The Triglav Group Code was adopted and is being followed by all insurance and financial companies of the Triglav Group in their governance. *Mutatis mutandis*, the Triglav Group Code covers all elements foreseen by the Code, and regulates certain contents specific for insurance and financial industry in which Triglav Group companies operate, with adjustments. Based on the general provisions of the Triglav Group Code, some provisions foreseen by the Code are regulated by subordinated acts of the Triglav Group companies.

▪ Item 10.2

Zavarovalnica Triglav, d.d., is a signatory to the Slovenian Guidelines of Corporate Integrity. The Company regularly upgrades the system of assuring compliance based on the orientation of these Guidelines by incorporating the most recent best practices from the insurance and financial sector. In addition to the Triglav Group Code as the fundamental internal act in this field, the Company maintains a robust system of ensuring corporate integrity, including internal acts and processes in the field of corruption prevention, conflicts of interest, internal frauds and procedures for handling such non-compliances. The Company pays particular attention to protecting those who report such actions against retaliatory measures, and to handling anonymous reports. The activities aimed at ensuring corporate integrity are supported by regular and in-depth training of the employees, meticulous and prompt information of the management and supervisory bodies on the detected (potential) risk for compliance and ethics as well as on the measures for their management. At the overarching level, the competence for ensuring competence integrity has been, with a Management Board decision, assigned to a delegate for corporate integrity. The Compliance and Ethics Committee has an advisory role regarding the issues of corporate integrity.

2. Recommendations and Expectations of the Slovenian Sovereign Holding
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- Recommendation No. 1: Three-year business planning for the company/group/subsidiaries of the group

1.1

Zavarovalnica Triglav, d.d., departs from the recommendation regarding the submission of draft business plans and partly departs from the recommendation regarding the submission of the final adopted business plans. As a company listed in the Prime Market of Ljubljana Stock Exchange, Zavarovalnica Triglav, d.d., is committed to disclosure in accordance with the current legislation and recommendations of the stock market and, within this framework, to equal treatment of all its shareholders. In line with Recommendation No. 1.9, the Company considers the entire contents

of draft and adopted business plans business secret, does not submit them to Slovenian Sovereign Holding (hereinafter: SSH), and transparently publishes a summary of the business plan for the Triglav Group for the following year and a summary of the Triglav Group strategy.

1.2

Zavarovalnica Triglav, d.d., partly departs from Recommendation No.1.2 regarding the preparation and submission of draft and adopted business plans to SSH. As explained under departure from Recommendation No.1.1, Zavarovalnica Triglav, d.d., does not submit draft business plans for the parent company or the Triglav Group or the selected subsidiaries of the Triglav Group to SSH.

1.3

Zavarovalnica Triglav, d.d., departs from Recommendation No. 1.3 regarding the submission of draft business plans to SSH, as explained in more detail under departure from Recommendations Nos. 1.1 and 1.2.

1.4

In line with Recommendation No. 1.9 and as explained under departure from Recommendation No. 1.1, Zavarovalnica Triglav, d.d., departs from the plan period and deadline for their submission to SSH. The published summary of the business plan for the following year and of the strategy of the Triglav Group contains data for the annual period, for the following year and for the strategic period. Zavarovalnica Triglav, d.d., discloses business plans in accordance with the national legislation, EU legislation and the established national and international practice of listed companies.

1.5

Zavarovalnica Triglav, d.d., partly departs from Recommendation No. 1.5 regarding the submission of the entire business plan to SSH. As explained under departure from Recommendation No. 1.1, the Company informs SDH on the summarised business plan for the Triglav Group in the content as disclosed to the public.

1.6

Zavarovalnica Triglav, d.d., partly departs from Recommendation No. 1.6 regarding the content of information provided to SSH. As explained under departure from Recommendation No. 1.1, the Company informs SSH to the extent disclosed to the public.

1.7

Zavarovalnica Triglav, d.d., departs from Recommendation No.1.7, which recommends preparation of draft business plans. As explained under departure from Recommendations Nos. 1.1 and 1.3, the Company does not inform SSH on the content of draft business plans.

1.8

In line with Recommendation No. 1.9 and as explained under departure from Recommendation No. 1.1, Zavarovalnica Triglav, d.d., partly departs from Recommendation No. 1.8 regarding the extent of disclosure in the published summary of the business plan for the Triglav Group for the following year. This is because it includes a description of the expected circumstances of the Triglav Group operations and certain key financial information of the Triglav Group.

- Recommendation No. 2: Periodic reporting on the operations of the company/group/subsidiaries of the group

2.1

Zavarovalnica Triglav, d.d., departs from the recommendation regarding monthly periodic reports on the operations. In accordance with the national legislation, EU legislation and the established national and international practice of listed companies, the Company publishes annual reports and interim reports on the operations of the parent company and the Triglav Group in the first three, six and nine months of the year.

2.4

Zavarovalnica Triglav, d.d., publishes reports on the operations at the same time for the parent company and the Group, and the publication dates are indicated in the previously published financial calendar of the Company. After the publication of each report, it additionally submits the requested information to SDH in the extent available to the public.

- Recommendation No. 3: Transparency of procedures for concluding transactions requiring company expenditure (ordering goods and services, donations and sponsorships)

Through a properly regulated purchasing process governed by several internal acts, Zavarovalnica Triglav, d.d., ensures transparent, cost-effective and competitive operations in the field of concluding various transactions requiring company expenditure, and proper control via internal controls and Internal Audit Department. All major purchasing procedures are conducted through appointed mixed selection committees according to a pre-specified procedure.

In transactions concerning sponsorships and donation, there is a comprehensive role management procedure in place, based on tenders, and the Company's selection committees follow the principles of equilibrium, objective justification, dispersion and social responsibility according to local specifics and needs as well as practice. No later than early in the year, the corporate website publishes deadlines for tenders for the current year, and later publishes each tender with tender documentation.

Public notices are ensured by observing the Public Information Access Act. The values of other transactions are not publicly available, as such information based on internal acts, contractual provisions and current legislation constitutes business secret of the Company, and such disclosure could lead to potential worsening of the Company's competitive position.

- Recommendation No. 4: Cost optimisation

Zavarovalnica Triglav, d.d., does not significantly depart from the recommendation. Measures required for cost optimisation are being adopted. Company agreement is followed for holiday pays. The amount of extraordinary payments to the employees is determined by taking into account business results.

Data on the foreseen extraordinary payments, realisation of such payments and legal bases for the payments and the methodology for determining the amount of the foreseen payment for each employee are not published. Legal bases and the methodology to determine the amount of each payment are deemed business secret.

- Recommendation No. 5: Achieving quality and excellence in the operations of the company/groups

The latest, third self-assessment in Zavarovalnica Triglav, d.d., according to the European EFQM excellence model was performed in 2017. When preparing documentation for the third self-assessment, emphasis was given to the matrices of approaches and indicators and their connection with the current strategy. Some recognised opportunities have already been included in the projects, business function goals and strategic matrices of individual business functions, and are being implemented. Some opportunities have been implemented, as appropriate, in the process implementation. The self-assessment showed that Zavarovalnica Triglav, d.d., is an organisation with properly regulated business processes, which follows and achieves good results in terms of business success, customers, employees and the entire company.

- Recommendation No. 6: Company Meetings

Zavarovalnica Triglav, d.d., slightly departs from the recommendation, and fully complies with the provisions of the current legislation and the Slovene Corporate Governance Code in its conduct.

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