



Engagement Policy

Ljubljana, 24 August 2021

ENGAGEMENT POLICY

I. INTRODUCTION

Zavarovalnica Triglav d.d. (hereinafter also: the Company) hereby adopts its Engagement Policy (hereinafter also: the Policy) in accordance with the provisions of the Companies Act – *Zakon o gospodarskih družbah (Uradni list Republike Slovenije* (Official Gazette of the Republic of Slovenia), No 65/09, as amended, hereinafter: ZGD-1) in order to enhance the transparency about investment strategies.

This Policy concerns only activities of life assurance and reinsurance covering life-insurance obligations as provided for by the law covering the insurance industry.

II. INCORPORATING AN ACTIVE OWNERSHIP ROLE INTO INVESTMENT STRATEGIES

An integral part of an investment process is influencing the corporate governance of companies in a portfolio when the ownership rights of the Company and its ownership position size allow it. Active ownership enables the adoption of better business policies and practices of the companies in the portfolio (or issuers of financial instruments, respectively) and improvement of their operations.

An active ownership role may be reflected through communication with issuers or by exercising rights that are linked to the financial instruments, which, for example, include participation, voting and proposals for topics and items of agendas at the general meetings of the issuers. Descriptions of forms of engagement are given in Chapter IV.

III. MONITORING OF ISSUERS OF FINANCIAL INSTRUMENTS

The Company shall regularly monitor management reports, corporate actions, publications required by law and other public publications of issuers. The monitoring shall be carried out continuously through official pages of issuers or through financial information systems or relevant media, which the company considers reliable. Where financial and operational capabilities allow, the monitoring of issuers may also be additionally carried out through meetings with their representatives. Usually, information on a company's operations, capital allocation, financial performance, issuer's business strategy, environmental, social and governance aspects, as well as other data, which may impact the short or long-term performance of the issuer, shall be monitored. Qualitative monitoring shall be supplemented by quantitative metrics measuring investment risks. The Company has established a risk management system monitoring the exposure of portfolios to issuers, portfolio volatility and other risk parameters.

The Company's investment strategy for the portfolios under managed account is designed to combine top-down and bottom-up approach. Each approach requires regular analysis of markets and individual companies in a manner described in the previous paragraph. Investment

decisions shall be adopted on the basis of expertise and the results of internal and external analysis. Investments shall comply with the legal and internal requirements.

As regards investment strategies promoting sustainability (in terms of environmental, social and governance aspects), the Company shall choose investments in accordance with its internal methodology for achieving sustainable investments. For other investment strategies not carried out with the purpose of promoting sustainability, sustainability risks shall also be monitored. If assessed that the sustainability risks would have a negative impact on returns, this may be taken into account when choosing investments.

IV. DIALOGUE WITH ISSUERS, EXERCISE OF VOTING RIGHTS AND COOPERATION WITH OTHER SHAREHOLDERS OF ISSUERS

The Company shall engage with the issuers of invested financial instruments by participating in consultations, conferences, investor days and other professional meetings organised by issuers, stock exchanges, brokerage firms or any other organisations. At the meetings with representatives of companies, the Company may discuss various topics covering the business operations, financial performance, reporting and disclosures, environmental, social and governance aspects, as well as any other aspects that may pose significant risks to the long-term performance of the companies. If the Company detects potential irregularities or if it needs additional clarifications with regard to the operations, it may request the issuer to provide additional information.

The Company shall conduct dialogues with representatives of the issuers companies where it expects such dialogues might influence the long-term maximisation of value for the policy-holders, insured persons or any other beneficiaries of insurance contracts in terms of increasing the value of their investments, subject to the importance of the holding in the issuer and the issuer's availability.

The decision to participate in general meetings of issuers of financial instruments, and thus to exercise voting rights, shall depend on the assessment of the relevance of the expected benefits for the policy-holders, insured persons or any other beneficiaries of insurance contracts, and other circumstances, such as the stake in a specific issuer of financial instruments, the relevance of items of the voting agenda, the possibility to influence the voting outcome, the cost aspect and contribution to positive change in the corporate governance of issuers of financial instruments. The Company shall exercise its voting rights in accordance with its investment objectives and policy.

Cooperation with other shareholders of issuers may be carried out by exchanging opinions on issuers and their analyses, forming buying/selling consortiums or acting jointly in dialogues with issuers. Cooperation with other shareholders in general meetings of issuers shall depend on whether acting jointly could contribute to a voting outcome by increasing the benefit for policy-holders, insured persons or any other beneficiaries of insurance contracts. Forms of cooperation

include, for example, drafting or supporting counter-proposals in general meetings of issuers, taking into account principles of avoiding conflicts of interests and concerted action as stemming from the applicable Takeovers Act (*Zakon o prevzemih*).

V. DISCLOSURES OF VOTING IN GENERAL MEETINGS

The Company shall maintain a list of disclosures on its voting in general meetings of issuers of financial instruments on its web page.

The Company shall not disclose votes it considers insignificant. Insignificant votes in general meetings of issuers shall be those votes where the Company's stake is insignificant, where the investment value in terms of the portfolio's size represents a non-material value, and where the Company voted on topics it considers not to have any long-term impact on the issuer's operations. In publishing its votes on its web page, the Company may take into account various aspects, such as the fragmentation of the issuer's ownership, etc.

VI. MANAGEMENT OF CONFLICTS OF INTERESTS

The Company shall in its internal acts cover management of conflicts of interests and define general circumstances and forms of conflicts of interests, the duty to regularly and promptly disclose any actual or potential conflict of interests, the duty to disclose personal or any other linkages with third parties, as well as the rules, procedures and actions for detecting and managing conflicts of interests. The conflicts of interests of the Company and the policy-holders, insured persons or any other beneficiaries of insurance contracts shall be regulated in detail by the Company's internal acts ensuring that investment decisions are made in the interests of policy-holders, insured persons or any other beneficiaries of insurance contracts.

VII. FINAL PROVISIONS

This Policy shall be published publicly on the Company's web page.

The Company shall prepare disclosures annually for the previous year and make them available on its web page for at least three years after their publication.

VIII. ENTRY INTO FORCE

This Policy shall enter into force on the day of its adoption at the Management Board's meeting.

Member of the Management Board:

David Benedek

President of the Management Board:

Andrej Slapar

