

Position on the Corporate Governance Code for Companies with State Capital Assets and on the Recommendations and Expectations of the Slovenian Sovereign Holding

In the present statement, Zavarovalnica Triglav, d.d. gives its position on the subject of the Corporate Governance Code for Companies with State Capital Assets, adopted in March 2016 and the Recommendations and Expectations of the Slovenian Sovereign Holding, adopted in February 2016 and published by Slovenian Sovereign Holding. They are accessible at www.sdh.si.

Zavarovalnica Triglav, d.d. justifiably diverges from the Corporate Governance Code for Companies with State Capital Assets and the Recommendations and Expectations of the Slovenian Sovereign Holding in the following provisions:

1. The Corporate Governance Code for Companies with State Capital Assets (hereinafter referred to as Code):

The Corporate Governance Code, which Zavarovalnica Triglav, d.d. as a public limited company with stocks on the First Listing of the Ljubljana Stock Exchange and based on the Stock Exchange Rules and Recommendations to Public Limited Companies for Reporting, is required to comply with, as much as possible during its business transactions, also includes the content and rational provisions contained in the Code. Regardless, Zavarovalnica Triglav, d.d. uses this Statement to give its position on the provisions of the Code.

- Section 6.12.2

Zavarovalnica Triglav, d.d. partially diverges from the Code, since the company convened more general meetings than the number provided in the recommendation.

- Section 7.3

The General Meeting has yet to adopt a Compensation Policy, while Zavarovalnica Triglav, d.d. informs the Committee on the rules for determining other rights of management board members or payments to board members in accordance with the law.

- Section 8.3

Zavarovalnica Triglav, d.d., partially diverges from the Code, since it does not disclose earnings and other rights of individual members of the management and supervisory body for all companies in the group, but only for the parent company. Due to protection of personal data, Zavarovalnica Triglav, d.d., does not disclose earnings from employment of members of the Supervisory Board representing the employees.

▪ Section 10.1

Zavarovalnica Triglav has its own Triglav Group Code, which in June 2015 replaced the then valid Code of Good Business Conduct of Zavarovalnica Triglav from 2010. The Triglav Group Code is published on the website www.triglav.eu. It contains all the content defined in the Code; at the same time, certain content is looked at in more detail, while other is more general, since other in-house legal documents address these issues.

▪ Section 10.2

Zavarovalnica Triglav, d.d. is the signatory of Slovenian Guidelines for Corporate Integrity. By developing its system of business compliance, the insurance company has achieved the so called legalistic principle of compliance; it strengthens activities in order to improve corporate integrity. The guidelines (elements) of the Slovenian Guidelines for Corporate Integrity are mainly already implemented by Zavarovalnica Triglav, d.d., while it is still endeavouring to further upgrade its system of corporate integrity by implementing or strengthening certain other elements.

2. Recommendations and Expectations of the Slovenian Sovereign Holding
--

• Recommendation 1: Company/Group Three-year Business Plan

Zavarovalnica Triglav, d.d. partially does not comply with the recommendation. Its business plans are considered to be a business secret, which is why it does not divulge or forward them to the SSH. The Company, however, does publish a short summary of the Triglav Group business plan for the coming year, as well as the existing Triglav Group strategies.

• Recommendation 2: Periodic Reporting on the Business Operations of the Company/Group

Zavarovalnica Triglav, d.d. is a public limited company with stocks on the First Listing of the Ljubljana Stock Exchange, which is why it is required to report in accordance with the law and in this context committed to the equal treatment of all its shareholders. Interim and semi-annual reports on the business operations of the parent company and the Group are published in accordance with its financial calendar for publications; after publications, the required data is additionally forwarded to the SSH in the framework of the publicly published data. Zavarovalnica Triglav, d.d. partially does not comply with the date on which the information must be forwarded.

• Recommendation 3: Transparency of Procedures for Conducting Business which Applies to Company Expenditure (ordering goods and services, donations and sponsorships)

○ Zavarovalnica Triglav, d.d. has an adequately organised purchasing process, which is regulated by several in-house legal documents. It uses it to ensure the transparent, economic and competitive business operations in the area of concluding various transactions which apply to company expenditure and adequate supervision, carried out by the Internal Audit Service.

- Zavarovalnica Triglav, d.d., has a process of looking into applications submitted through public tenders when it comes to sponsorship and donation activities. The process also takes into account the principles of balance, objective justification, dispersion and social responsibility based on local specifics and practices. At the start of the year, the company website lists the dates for the public tenders in the current year, further providing an overview of each individual tender and the necessary documents.
- Publications are ensured by taking into account the Public Information Access Act. Company does not publicly publish the value of other business transactions, since these data represent a business secret, pursuant to in-house legal documents, contractual stipulations and valid law; revealing these data would potentially damage the insurance company's competitive status.
- Recommendation 4: Optimisation of Work Costs in 2015
Zavarovalnica Triglav, d.d., does not deviate significantly from the recommendation. We are accepting the necessary measures for optimisation of work costs. Holiday allowance will be paid in accordance with the corporate collective agreement. The amount of extraordinary payments to employees will be determined by taking into account the operating results achieved in the year 2015.

We cannot guarantee the publication of information on intended extraordinary payments, on realization of these payments, and legal bases for the payments and methodologies of determining the amount of the planned payments to individual employees. Legal basis and methodology of determining the amount of each payment are defined as business secret.

- Recommendation 5: Achieving Quality and Excellence in Company/Group Business Operations
In the year 2015 Zavarovalnica Triglav, d.d. has carried out the first self-assessment according to the EFQM European model for excellence. The working groups have prepared the Management document (approaches and results), which includes all factors and results of the model, namely:
 - Management, strategy, operating results;
 - Processes and services, results of employees;
 - Employees, results of employees, and
 - Partnerships and resources, results – company.

The first self-assessment has shown that we are an organization that has arranged processes to monitor and achieves good results in terms of business success, customers, employees and the company, and that the insurance company is on track to excellence. Were identified the opportunities for improvement, and together with the actions and responsible actors and deadlines we noted those in the Action Plan. The Supervisory Board of Zavarovalnica Triglav was informed of the results of the first self-assessment, action plan and implementation of the measures taken.

- Recommendation 6: Company General Meetings

Zavarovalnica Triglav, d.d. diverges in a small part from the recommendation; however, it completely follows the provisions set out by law and the Corporate Governance Code in the context of its activities.

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