

ZAVAROVALNICA TRIGLAV, D.D.  
MIKLOŠIČEVA CESTA 19, 1000 LJUBLJANA

## CORPORATE GOVERNANCE STATEMENT

The Corporate Statement below is included in the audit annual report of Triglav Group and Zavarovalnica Triglav, d.d. for 2018

### 1. Governance policy

The Governance System and Policy of Zavarovalnica Triglav, adopted by the Management and Supervisory Boards, define the main guidelines for the governance of the Company, taking into account the set long-term objectives and values. They are the foundation for setting up and implementing a reliable governance system, which is based on an effective risk management system and enables the implementation of the business strategy of the Company. The document was published on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav ([www.triglav.eu](http://www.triglav.eu)).

### 2. Statement of Compliance with the Slovene Corporate Governance Code

In its operations, Zavarovalnica Triglav abides by the Slovene Corporate Governance Code (hereinafter: the Code), which was adopted on 27 October 2016 and published in Slovene and English on the Ljubljana Stock Exchange website at (<http://www.ljse.si>).

The Statement of Compliance with the Corporate Governance Code for the period from 1 January 2018 to the day of publication in 2019 is available on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav ([www.triglav.eu](http://www.triglav.eu)).

Zavarovalnica Triglav applies the provisions of the Code. For well-grounded reasons, the Company did not adhere to the following provision of the Code:

- Point 15.3: The Chairman of the Supervisory Board is the Chairman of the Appointment and Remuneration Committee. In order to facilitate coordination and implementation of procedures, the Company believes it is reasonable that the Chairman of the Supervisory Board is also the Chairman of the said committee.
- Point 19.6: In line with the resolution of the Supervisory Board, the Management Board members are not required to obtain the prior approval of the Supervisory Board before being

appointed to the management or supervisory bodies of direct and indirect subsidiaries and associates of Zavarovalnica Triglav; however, they do promptly inform the Supervisory Board in writing about their appointment in accordance with Article 62(2)(1) of the Insurance Act (ZZavar-1).

In its operations, the Company abides to the principles of the Insurance Code, available on the website of the Slovenian Insurance Association ([www.zav-zdruzenje.si](http://www.zav-zdruzenje.si)).

Moreover, Zavarovalnica Triglav has its own code, available at the Company's official website (<http://www.triglav.eu>). This code presents Zavarovalnica Triglav's fundamental values and principles of operation in order to achieve its business objectives, strategic guidelines and competitive advantages in a fair and transparent manner and in compliance with the law and ethics.

Zavarovalnica Triglav took a position on the provisions of the Corporate Governance Code for Companies with Capital Assets of the State and the Recommendations and Expectations of the Slovenian Sovereign Holding (both documents are available on the website of Slovenski državni holding d.d. at <http://www.sdh.si>), which is published on the Company's official website ([www.triglav.eu](http://www.triglav.eu)).

The Statement of Compliance with the Slovene Corporate Governance Code is available in electronic form on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav ([www.triglav.eu](http://www.triglav.eu)).

### 3. Management bodies of Zavarovalnica Triglav

The Company uses a two-tier management system. *Two-tier governance of Zavarovalnica Triglav*  
The management and supervisory bodies are as follows: **General Meeting of Shareholders, Management Board and Supervisory Board**. The management bodies operate in compliance with the primary and secondary legislation, the Articles of Association and their own rules of procedure. The Articles of Association are available at [www.triglav.eu](http://www.triglav.eu).

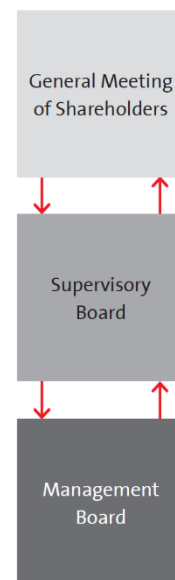
#### 3.1. General Meeting of Shareholders

The shareholders of Zavarovalnica Triglav exercise their rights in respect of the matters concerning the Company through the General Meeting of Shareholders, which is convened at least once a year, by the end of August at the latest. The General Meeting of Shareholders may also be convened in other circumstances set out by law and the Articles of Association, and when it is in the interest of the Company.

The powers and operation of the General Meeting of Shareholders are set out in the Companies Act and the Articles of Association. The Articles of Association do not set out any specific provisions regarding their amendment.

Each share of Zavarovalnica Triglav gives its holder the right to:

- one vote at the General Meeting of Shareholders,
- proportional dividends from the profit intended for the payment of dividends and
- a proportional share from the remaining bankruptcy or liquidation estate in the event of bankruptcy or liquidation.



All shareholders who are entered in the share register managed by KDD – Centralno klirinška depotna družba d.d. no later than by the end of the fourth day before the date of the General Meeting of Shareholders have the right to attend the General Meeting and exercise their voting rights if they apply to be present no later than by the end of the fourth day prior to the date of the General Meeting of Shareholders.

The rights and obligations attached to the shares as well as the notes on the restriction of transfer of shares and on reaching a qualifying holding are described in *Section 6.2 Equity*. See the Insurance Act for further details.

In accordance with the Financial Instruments Market Act, the following three shareholders own a qualifying holding in Zavarovalnica Triglav:

- Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Institute of Pension and Invalidity Insurance of Slovenia; hereinafter: ZPIZ) is the direct holder of 7,836,628 shares or 34.47% of the share capital of Zavarovalnica Triglav. Its share in 2018 remained unchanged. On behalf of and for the account of ZPIZ, the shareholder's rights attached to the shares were managed by Slovenski državni holding d.d. (hereinafter: SDH).
- SDH is the direct holder of 6,386,644 shares or 28.09% of the share capital of Zavarovalnica Triglav. Its share in 2018 remained unchanged.
- Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb held 1,488,809 shares or 6.55% of the share capital of Zavarovalnica Triglav, representing an increase of 34,915 shares over the 2017 year-end.

As at the reporting date, Zavarovalnica Triglav had no other shareholders whose holdings exceeded 5.00% of the share capital, nor any issued securities that would grant their holders special control rights.

### **General Meeting of Shareholders in 2018**

The shareholders of Zavarovalnica Triglav had one general meeting in the reporting period. The 43<sup>rd</sup> General Meeting of Shareholders was held on 29 May 2018. The total number of shares and voting rights represented at the General Meeting of Shareholders was 17,934,863 or 78.97% of all shares to which the voting rights are attached. The General Meeting of Shareholders took note of:

- Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2017,
- Opinion given by the audit firm,
- Annual Internal Audit Report for 2017,
- Report by the Supervisory Board of Zavarovalnica Triglav on the verification of the Annual Report for 2017 and
- Opinion given by the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department for 2017.

The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 58,085,121.96 as at 31 December 2017:

- A part of accumulated profit amounting to EUR 56,837,870.00 shall be allocated for dividend payments. The dividend in the amount of EUR 2.50 gross per share shall be paid to the shareholders appearing in the Share Register on 13 June 2018. The Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d. on 14 June 2018.
- The distribution of the remaining accumulated profit of EUR 1,247,251.96 shall be decided in the next few years.

The shareholders granted a discharge for the financial year 2017 to both the Management Board and the Supervisory Board of Zavarovalnica Triglav. At the General Meeting of Shareholders no action of voidness was announced.

### **3.2. Management Board**

The Management Board of Zavarovalnica Triglav manages the Company independently and at its own responsibility, as well as presents and represents the Company without limitations. In legal transactions, the Company is always jointly presented and represented by two members of the Management Board, one of whom is its President.

Any person fulfilling the requirements stipulated by the Insurance Act, the Companies Act and the applicable documents of the Company may be appointed to the Management Board as its President or member. The fit and proper criteria, which the Management Board members and other individuals are required to meet, are clearly defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., which sets out the fit and proper assessment procedure for Management Board members to be performed before the appointment, periodically, extraordinarily or after the appointment of an individual Management Board member. Furthermore, the Policy determines the fit and proper assessment criteria and procedures for the Management Board as a collective body. In respect to the latter, the Supervisory Board takes into account the diversity of knowledge and competences which not only allow comprehensive functioning of the Management Board but also contribute to an appropriate variety of skills, knowledge and experience for professional management of Zavarovalnica Triglav. All members should collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

In November 2018 before their re-appointment, the fit and proper assessment procedures were carried out for Andrej Slapar, the candidate for the President of the Management Board, and for Uroš Ivanc and Tadej Čoroli, the candidates for Management Board members. In addition, the assessment procedure for the Management Board as a collective body was performed, taking into account the said candidates. It was assessed that Andrej Slapar was a fit and proper candidate for the President of the Management Board and that Uroš Ivanc and Tadej Čoroli were fit and proper candidates for Management Board members. Furthermore, the Management Board as a collective body was assessed as fit and proper. In November 2018, a positive periodic fit and proper assessment of the members of the Management Board and the Management Board as a collective body was made.

#### **3.2.1. Composition and appointment of the Management Board**

In accordance with the Articles of Association, the Management Board has no less than three and no more than six members, one of whom is President. The number of the Management Board members, their powers, the manner of representation and presentation and the transfer of the Management Board's authorisations are determined by the Supervisory Board in the Management Board Rules.

The Management Board is appointed by the Supervisory Board. The term of office of an individual Management Board member is up to five years, with the possibility of reappointment without limitation. Zavarovalnica Triglav has one Worker Director, who is a member of the Management Board.

The appointment or recall of all members or an individual member is proposed to the Supervisory Board by the President of the Management Board. Any individual member or President of the Management Board may be dismissed by the Supervisory Board if legal grounds for their dismissal have been established.

### **3.2.2. Management Board's powers to increase the share capital**

In accordance with the Company's Articles of Association, the Management Board is authorised to increase the share capital of Zavarovalnica Triglav by up to EUR 14,740,278.36 by issuing new shares for cash contributions within five years of 2 June 2016. The issue of new shares, the amount of capital increase, the rights attached to the new shares and the conditions for issuing new shares are decided upon by the Company's Management Board with the consent of the Supervisory Board. Following a share capital increase, the Supervisory Board is authorised to amend the Company's Articles of Association.

### **3.2.3. Presentation of the Management Board, its functioning and powers**

On 14 November 2018, the Supervisory Board re-appointed Andrej Slapar President of the Management Board for a five-year term of office, commencing on 12 November 2019. Furthermore, Uroš Ivanc was re-appointed a Management Board member for a five-year term of office, commencing on 15 July 2019, while Tadej Čoroli was re-appointed a Management Board member for a five-year term of office, commencing on 30 July 2019.

The Diversity Policy, which was adopted by the Management Board and the Supervisory Board in 2017, was taken into account in the proposals to re-appoint Andrej Slapar, Uroš Ivanc and Tadej Čoroli. Its objectives are to ensure complementarity and diversity in the Management Board by taking into account various qualifications, experience and knowledge defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., gender balance and representation of various age group.

## Composition of the Management Board in 2018

Name and surname	Post	Area of work in the Management Board (as at 31 December 2018)	Start of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory or management bodies of other companies
<b>Andrej Slapar</b>	President	As the President of the Management, he manages and directs the work of the Management Board and the head office support departments (the Management Board Office, the Legal Office, the Internal Audit Department, the Corporate Communication Department, the Compliance Office, the Business Intelligence Department) as well as the Non-Life Insurance Development and Actuarial Department and the Investment Department. He is in charge of the Corporate Accounts Division, senior management staffing, Arbitration, Nuclear Pool, Commercial Association of Slovenian Insurance Companies, reinsurance and asset management.	22 May 2013	12 Nov. 2024	Male	Slovene	1972	LL.B.	Management, strategic management, commercial law, insurance and reinsurance, actuarial science	Krka d.d. Pozavarovalnica Triglav Re d.d. Triglav Skladi d.o.o. Triglav INT d.d.
<b>Uroš Ivanc</b>	Member	In charge of the following head office support departments: the Strategic Purchasing Department, the Risk Management Department, the Strategic Planning and Controlling Department, the Subsidiary Management Department, Accounting and Finance excluding the Investment Department.	14 July 2014	15 July 2024	Male	Slovene	1975	Master of Science in Business and Organisation	Management and organisation, strategic management, insurance, financial management, financial markets and analysis, asset management, risk management	Triglav INT d.d. Triglav, upravljanje naložb in svetovalne storitve d.o.o. Triglav, Upravljanje nepremičnin d.d.
<b>Tadej Čoroli</b>	Member	In charge of the Innovation and Digitisation Department, the Client Contact Unit, the Marketing Department, the Non-Life Insurance Division, the Non-Life Insurance Claims Division and the Non-Life Insurance Sales Division.	29 July 2014	30 July 2024	Male	Slovene	1975	LL.M	Management, strategic management, commercial law, insurance, marketing	Triglav, Zdravstvena zavarovalnica d.d. Triglav INT d.d. Skupna pokojninska družba d.d.
<b>Barbara Smolnikar</b>	Member	In charge of the Life Insurance Division and the Life Insurance Development and Actuarial Department. Responsible for health insurance, pension insurance and money laundering prevention.	17 Oct. 2017	17 Oct. 2022	Female	Slovene	1967	PhD in Management	Management, strategic management, banking, bancassurance, financial markets and analysis, risk management	Triglav INT d.d. Triglav, Zdravstvena zavarovalnica d.d. (as of 28 February 2018 ) Triglav Svetovanje d.o.o. (as od 16 February 2018) Skupna pokojninska družba d.d. (as of 31 August 2018 )
<b>Marica Makoter</b>	Member and Employee Representative	As the Worker Director, she represents workers' interests in compliance with the Worker Participation in Management Act. She is in charge of the Organisation Development and Business Process Management Department, the Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department.	21 Dec. 2011	22 Dec. 2021	Female	Slovene	1972	LL.B.	Management, strategic management, commercial law, insurance, human resources and organisation, worker representation	Triglav INT d.d.

Name and surname	Post	Area of work in the Management Board (as at 31 December 2018)	Start of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory or management bodies of other companies
		Moreover, she is responsible for the IT Division, the Back Office Division and the Human Resource Management Division, excluding senior management staffing.								

Data on the remuneration of the Management Board members are disclosed in *Section 5.5 of the Accounting report of the Annual Report*. The basis for the remuneration of the Management Board is the **Remuneration Policy** of Zavarovalnica Triglav d.d., which is based on the Solvency II Directive 209/138/EC, as amended by Directive 212/23/EU, and Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC.

The Remuneration Policy is designed to ensure the maintenance of appropriate capital strength of the Company, to encourage reliable and effective risk management, not to promote the assumption of risks exceeding the allowed risk limits of the Company and to provide for the acquisition and retention of appropriately professionally qualified, competent, responsible and engaged employees. The Policy serves as a foundation for implementing a robust and reliable governance system and ensures business integrity and transparency.

#### Composition and remuneration of the Management Board in 2018 (in EUR)

Name and surname	Function (President, Member)	Fixed remuneration - gross (1)	Variable remuneration - gross			Deferred remuneration - gross (3)	Severance pay (4)	Benefits and SVPI (5)	Bonus claw-back (6)	Total gross (1+2+4+6)	Total net (1+2+4-6)
			based on quantitative criteria	based on qualitative criteria	Total variable remuneration (2)						
Andrej Slapar	President	173,769	42,887		42,887	51,968	0	56,968	0	216,656	78,343
Uroš Ivanc	Member	165,101	40,743		40,743	49,370	0	40,972	0	205,844	72,065
Tadej Čoroli	Member	165,101	40,743		40,743	49,370	0	49,594	0	205,844	67,505
Barbara Smolnikar	Member	165,422	3,857		3,857	3,857	0	41,203	0	169,279	57,320
Marica Makoter	Member	164,780	40,743		40,743	49,370	0	45,712	0	205,523	69,041
Benjamin Jošar	Member till 2 Nov. 2017	0	69,776		69,776	12,622	0	0	0	69,776	33,938
<b>Total</b>		<b>834,173</b>	<b>238,749</b>	<b>0</b>	<b>238,749</b>	<b>216,557</b>	<b>0</b>	<b>234,449</b>	<b>0</b>	<b>1,072,922</b>	<b>378,212</b>

\* Travel expenses, accommodation costs and daily allowance are not included as, by their nature, they are not considered remuneration for the Management Board.

\*\* The data under item (2) contains the 2<sup>nd</sup> portion of the bonus for 2015, the 1<sup>st</sup> portion of the bonus for 2017 and 2<sup>nd</sup> portion of the bonus for 2016 paid in 2018 to Benjamin Jošar.

\*\*\* The data under item (3) contains the 3<sup>rd</sup> portion of the bonus for 2015, the 2<sup>nd</sup> and 3<sup>rd</sup> portions of the bonus for 2016 (excluding the 2<sup>nd</sup> portion of the bonus for 2016 for Benjamin Jošar) and the 2<sup>nd</sup> and 3<sup>rd</sup> portions of the bonus for 2017 which will be paid out in the coming years.

\*\*\*\* The data in item (5) contains the benefits and the premium for supplemental voluntary pension insurance.

### **3.3. Supervisory Board**

The Supervisory Board is composed of six shareholder representatives and three employee representatives. As a supervisory body, it supervises the Company's business conduct with full responsibility.

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Their appointment and recall are made in accordance with the applicable legislation and the documents of the Company. The members of the Supervisory Board are given a four-year term of office and may be re-elected without limitation. The fit and proper criteria as set out in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessments are made before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member.

In assessing the composition and performance of the Supervisory Board as a whole along with a diverse gender and age structure, the Supervisory Board takes into account diversity in such a manner that all members possess the relevant knowledge, skills and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

The General Meeting of Shareholders may dismiss any elected member of the Supervisory Board before the expiry of their term of office, while each member of the Supervisory Board may resign from the position under the conditions and in the manner laid down by the Articles of Association.

In November 2018, a periodic assessment was performed of the Supervisory Board members and the Supervisory Board as a collective body, which was assessed as fit and proper.

#### **3.3.1. Powers of the Supervisory Board**

The powers and operation of the Supervisory board are set out by the applicable legislation, the Articles of Association of Zavarovalnica Triglav and the Rules of Procedure of the Supervisory Board (available at [www.triglav.eu](http://www.triglav.eu)). Besides the powers specified in the Companies Act and the Insurance Act, the Supervisory Board has the power to give consent to the decisions of the Management Board where the value or an investment exceeds the amount set out in the Rules of Procedure of the Supervisory Board, i.e., in the event of:

- founding limited companies in Slovenia and abroad;
- the acquisition or sale of Zavarovalnica Triglav's stakes in domestic or foreign companies;
- the issue of debt securities and long-term borrowing from domestic or foreign banks; or
- the acquisition, sale of, or investment in investment property of Zavarovalnica Triglav.

In accordance with the law and the Rules of Procedure, the Supervisory Board holds at least one session per quarter, or more if necessary.



### 3.3.2. Supervisory Board in 2018

#### Composition of the Supervisory Board in 2018

Name nad surname	Post	Start of term of the office (first)	End of term of office	Attendance of sessions of the Supervisory Board / total number of Supervisory Board sessions	Gender	Nationality	Date of birth	Education	Professional profile	Independence pursuant to Article 23 of the Corporate Governance Code	Existence of conflict of interest in 2018	Membership in the supervisory or management bodies of other companies while serving as a SB member in 2018	Membership in Supervisory Board committees	Function in Supervisory Board committees	Attendance of meetings of Supervisory Board committees / total number of meetings of Supervisory Board committees
Igor Stebernak	Chairman	18 Aug. 2016	2 June 2020	7 of 7	Male	Slovene	1968	BSc in Electrical Engineering, MBA	Banking, insurance, strategic management, financial markets and analysis, controlling, accounting and business process reengineering	YES	NO	/	Appointment and Remuneration Committee	Chairman	5 of 5
Andrej Andoljšek	Member	13 June 2017	21 June 2017	6 of 7	Male	Slovene	1970	BSc in Economics	Financial and general management, financial markets and analysis, banking, corporate governance, business and financial restructuring of companies	YES	NO	/	Strategy Committee	Member	3 of 3
	Vice Chairman	21 June 2017	13 June 2021												
Milan Tomažević	Member	13 June 2017	13 June 2021	7 of 7	Male	Slovene	1946	BSc in Economics	Insurance and reinsurance, informatics, management and actuarial science	YES	NO	/	Strategy Committee	Chairman	3 of 3
Žiga Škerjanec	Member	13 June 2017	13 June 2021	7 of 7	Male	Slovene	1978	LL.B.	Corporate law and finance and the operation of the supervisory boards	YES	NO	/	Strategy Committee	Member	3 of 3
													Appointment and Remuneration Committee	Member	5 of 5
Nataša Damjanovič	Member	13 June 2017	13 June 2021	7 of 7	Female	Slovene	1965	Bachelor of Economics	Financial markets and analysis, banking, marketing and strategic management	YES	NO	/	Audit Committee	Member	9 of 9
													Appointment and Remuneration Committee	Member	5 of 5
Mario Gobbo	Member	12 June 2013	13 June 2021	7 of 7	Male	Italian	1953	PhD in Economics	Banking, financial management, financial markets and analysis, investment banking, investment, restructuring, acquisition of financial assets and privatisation	YES	NO	/	Audit Committee	Chairman	9 of 9
Peter Celar	Member	30 May 2011	31 May 2019	7 of 7	Male	Slovene	1958	Bachelor of Economics	Insurance	YES	NO	/	Strategy Committee	Member	3 of 3
Boštjan Molan	Member	31 May 2015	31 May 2019	7 of 7	Male	Slovene	1973	Bachelor of Economics	Insurance	YES	NO	/	Appointment and Remuneration Committee	Member	5 of 5
Ivan Sotošek	Member	31 May 2015	31 May 2019	7 of 7	Male	Slovene	1969	LL.M.	Insurance	YES	NO	/	Audit Committee	Member	9 of 9

### External members of Supervisory Board Committees in 2018

Name and surname	Supervisory Board committee	Attendance of meetings of Supervisory Board committees / total number of committee meetings	Gender	Nationality	Education	Date of birth	Professional profile	Membership in the supervisory bodies of other companies while serving as a SB committee member in 2018
Simon Kolenc	Audit Committee	9 of 9	Male	Slovene	BSc in Economics	1977	Finance, accounting, audit	Deželna banka Slovenije d.d. (from 30 March 2018 to 7 September 2018)

By signing the Statement of Independence and Loyalty ([www.triglav.eu](http://www.triglav.eu)), the members of the Supervisory Board undertook to adhere to the principles of independence laid down in item B of the Annex to the Corporate Governance Code.

The data on remuneration of the Supervisory Board members are disclosed in *Section 5.5 of the Accounting report of the Annual Report*. Remuneration of the Supervisory Board members was in line with the resolution passed by the 41<sup>st</sup> General Meeting of Shareholders of Zavarovalnica Triglav.

### Composition and remuneration of the Supervisory Board and its committees in 2018 (in EUR)

Name and surname	Function (Chairman, Vice Chairman, Member, External committee member)	Remuneration for performing the function – gross per year (1)	Attendance fees for SB sessions and committee meetings – gross per year (2)	Total gross (1+2)	Total net*	Gross travel expenses	Net travel expenses*
Igor Stebernak	Chairman	28,125	3,025	31,150	22,655	360	262
Andrej Andoljšek	Member	20,250	2,310	22,560	16,408	486	353
Milan Tomažević	Member	20,625	2,585	23,210	16,881	503	365
Žiga Škerjanec	Member	22,500	3,685	26,185	19,044	320	233
Nataša Damjanovič	Member	22,500	4,961	27,461	19,972	320	233
Mario Gobbo	Member	20,625	3,861	24,486	16,130	32,811	21,614
Peter Celar	Member	18,750	2,585	21,335	15,517	178	130
Boštjan Molan	Member	18,750	3,025	21,775	15,837	181	132
Ivan Sotošek	Member	18,750	3,861	22,611	16,445	2,050	1,491
Simon Kolenc	External committee member	7,500	2,420	9,920	7,215	57	41
<b>Total</b>		<b>198,375</b>	<b>32,318</b>	<b>230,693</b>	<b>166,104</b>	<b>37,266</b>	<b>24,854</b>

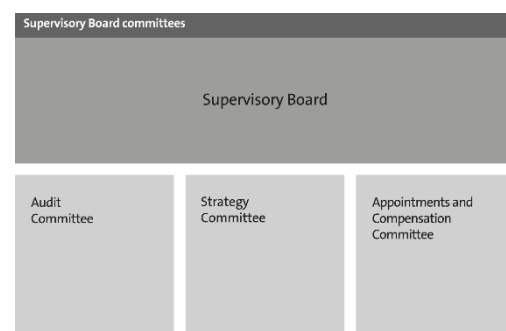
\* The amount paid to an individual's account as the payment after deducting the income tax prepayment, which does not take into account any subsequent payments of an individual's personal income tax.

### 3.3.3. Composition of Supervisory Board committees and their activities in 2018

Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other professional tasks.

In 2018, the Supervisory Board committees were the following: the Audit Committee, the Appointment and Remuneration Committee, and the Strategy Committee.

#### *Supervisory Board committees*



#### **Audit Committee**

The duties and powers of the Audit Committee are set out in the Companies Act, the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions. The most important duties of the Committee include:

- monitoring the financial reporting process, creating reports and drafting proposals for ensuring its comprehensiveness;
- monitoring the efficiency and effectiveness of internal controls, internal audit and risk management systems;
- monitoring the mandatory audit of annual and consolidated financial statements and reporting on the audit findings to the Supervisory Board;
- being in charge of the auditor selection procedure and proposing a candidate to the Supervisory Board to audit the Company's annual report and participating in the drafting of an agreement between the auditor and the Company;
- supervising the integrity of financial information provided by the Company; evaluating the drafting of the annual report, including a draft proposal for the Supervisory Board;
- cooperation with the Internal Audit Department, monitoring its interim reports, examination of the internal documents of the Internal Audit Department, the Rules of Operation of the Internal Audit Department and the annual plan of the Internal Audit Department;
- examination of decisions on the appointment, dismissal and remuneration of the head of the Internal Audit Department.

In 2018, the Audit Committee was composed of the following members: Mario Gobbo as its Chairman, and Nataša Damjanovič, Ivan Sotošek and Simon Kolenc (external independent expert) as its members.

#### **Appointment and Remuneration Committee**

The main duties and powers of the Appointment and Remuneration Committee, set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions, include:

- drafting proposals regarding the criteria for membership in the Management Board;
- drafting proposals regarding the policy of remuneration, compensation and other benefits for the Management Board members;
- preliminary consideration of proposals made by the President of the Management Board related to the management of the Company, pursuant to the third paragraph of Article 13 of the Articles of Association;
- performance of fit and proper assessment for the Management and Supervisory Board members in line with the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;

- support and making proposals on matters that concern the Supervisory Board (e.g. conflicts of interest, design and implementation of a remuneration system for Supervisory Board members, assessment of the Supervisory Board's work against the Corporate Governance Code).

In 2018, the Appointment and Remuneration Committee had the following composition: Igor Stebernak as its Chairman, and Nataša Damjanovič, Žiga Škerjanec and Boštjan Molan as its members.

### **Strategy Committee**

The duties and powers of the Strategy Committee are set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board's resolutions. The Committee's main areas of work include discussing and preparing proposals related to the strategic development and planning of the Triglav Group and the realisation of its strategic plans.

In 2018, the Committee was composed of the following members: Milan Tomažević as its Chairman, and Andrej Andoljšek, Žiga Škerjanec and Peter Celar as its members.

## **4. Governance and management of subsidiaries**

The Triglav Group is comprised of Zavarovalnica Triglav as the controlling company and its subsidiaries and associates. The subsidiaries in the Group operate as independent legal entities in accordance with the applicable legislation, resolutions passed by the general meetings and the management and supervisory bodies of the subsidiaries, agreements on business cooperation (if concluded) and other adopted rules and instructions implemented by individual subsidiaries.

The Governance Policy of the Triglav Group's Subsidiaries is the basis for the establishment and implementation of a robust and reliable governance system. The governance system of the Group's subsidiaries is implemented as corporate governance by actively exercising the management rights in compliance with the law applicable to individual subsidiaries and their internal regulations. In the context of corporate governance, the Group also carries out business management, which is based on ensuring effective monitoring or supervision of the operations of the subsidiaries. This supports the harmonisation of business and achievement of synergies, particularly with the activities promoting cooperation in the fields of expertise, as well as mutual communication and knowledge transfer at the Group level.

Zavarovalnica Triglav as the controlling company actively manages direct subsidiaries in accordance with the Governance Policy of the Triglav Group's Subsidiaries. Direct subsidiaries assume responsibility for the transfer of the governance system and active management of their subsidiaries. The expected goals of transferring the governance system and management activities are more specifically defined in the minimum standards. The governance and management of subsidiaries follows the key guidelines and objectives of the strategy of the Triglav Group. Adhering to the values of the Group is an ongoing process in all subsidiaries and the key guideline in their governance. The Company actively encourages and connects subsidiaries so as to effectively implement and transfer good practices. Long-term effort to increase the value of the Group's assets is also an important objective.

The governance of subsidiaries is based on an ongoing monitoring of their operations and active implementation of the set strategy. Furthermore, identification of business opportunities and challenges both in the local and wider environment is encouraged in order to achieve the optimal development of individual subsidiaries and the whole Group. In 2018, special attention was paid

to the strengthening of business development of insurance subsidiaries abroad and their competitive position, which will continue to be the key focus in the coming period. In the existing markets, both the market processing strategy (maintaining and strengthening the competitive position) and the product development strategy (launch of upgraded and new or innovative products and services into the existing markets) were implemented. In new markets, the market development strategy (entry into new markets, establishing partnerships and building visibility) and the diversification strategy (development of new products and services in new markets) were pursued. Furthermore, cooperation among subsidiaries was strengthened in the achievement of strategic objectives in core and supporting activities (particularly in the health and pension insurance segments) as well as in strategic projects (especially in the development of digital content, modern sales and marketing approaches and at the organisational level with an emphasis on strengthening the target organisational culture).

A special attention is devoted to the setting up of a single information and data system, which will enable the Group to achieve the highest level of business transparency and transformation at the Group level. In the coming period, even greater focus will be on strengthening and achieving synergies in various fields of activity, especially at a horizontal level, i.e. among the core segments or activities of the Group. This will also be the key future guideline for the governance and management of subsidiaries.

*The composition of governance and management bodies as at 31 December 2018*

Subsidiary	Management	Supervisory Board
<b>Slovenia</b>		
Pozavarovalnica Triglav Re d.d., Ljubljana	Gregor Stražar – President, Tomaž Rotar – Member, Stanislav Vrtunski – Member	<b>Supervisory Board:</b> Andrej Slapar – Chairman, Tomaž Žust, Sebastjan Debevc, Janko Šemrov
Triglav, Zdravstvena zavarovalnica d.d., Koper	Meta Berk Skok – President, Simon Vidmar – Member	<b>Supervisory Board:</b> Barbara Smolnikar – Chairman, Tadej Čoroli, Tomaž Krevatin
Skupna pokojninska družba d.d., Ljubljana	Aljoša Uršič – President, Peter Krassnig – Member, Vida Šeme Hočevnar – Member	<b>Supervisory Board:</b> Barbara Smolnikar – Chairman Tadej Čoroli, Miha Grilec, Jaka Kirn, Miran Kalčič, Vesna Vodopivec, Borut Simonič, Tomaž Jontes
Triglav Skladi, družba za upravljanje d.o.o., Ljubljana	Benjamin Jošar – President, Andrej Petek – Member, Igor Kušar – Member	<b>Supervisory Board:</b> Andrej Slapar – Chairman, Blaž Kmetec, Meta Berk Skok
Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale	Edvard Kranjčič – Director, Tedo Djekanović – Authorised Officer	<b>Supervisory Board:</b> Barbara Smolnikar – Chairman, Matjaž Novak, Lidija Breznik, Primož Plantarič
Triglav INT, holdinška družba d.d., Ljubljana	Tedo Djekanović – Executive Director Blaž Kmetec – Authorised Officer	<b>Board of Directors:</b> Andrej Slapar – Chairman, Barbara Smolnikar, Marica Makoter, Uroš Ivanc, Tadej Čoroli, David Benedek, Tedo Djekanović
Triglav Avtoservis d.o.o., Ljubljana	Edvard Zabukovnik – Director, Boris Kuhelj – Director	<b>Supervisory Board:</b> Matej Ferlan – Chairman, Nataša Novak Priveršek, Aleš Klement

<b>Subsidiary</b>	<b>Management</b>	<b>Supervisory Board</b>
<b>Triglav, Upravljanje nepremičnin d.d., Ljubljana</b>	Mitja Selan – President, Aleš Vahčič – Member	<b>Supervisory Board:</b> Uroš Ivanc – Chairman, Ksenija Zajc, Blaž Jakič, Nataša Novak Priveršek
<b>Croatia</b>		
<b>Triglav Osiguranje d.d., Zagreb</b>	Marin Matijaca – President, Denis Burmaz – Member, Mišo Čeplak – Authorised Officer	<b>Supervisory Board:</b> David Benedek – Chairman, Tomaž Žust, Gorazd Jenko, Darko Popovski, Nives Matijević
<b>Montenegro</b>		
<b>Lovćen Osiguranje a.d., Podgorica</b>	Matjaž Božič – Executive Director	<b>Board of Directors:</b> Tedo Djekanović – Chairman, Tomaž Žust, Darko Popovski
<b>Lovćen Životna osiguranja a.d., Podgorica</b>	Zorka Milić – Executive Director	<b>Board of Directors:</b> Igor Zupan, Janez Rožmarin, Edvard Kranjčič
<b>Bosnia and Herzegovina</b>		
<b>Triglav Osiguranje d.d., Sarajevo</b>	Edib Galijatović – President, Edin Muftić – Member	<b>Supervisory Board:</b> Tedo Djekanović – Chairman, Janko Šemrov, Matej Gostiša, Uroš Cvetko, Aleš Levstek
<b>Triglav Osiguranje a.d., Banja Luka</b>	Matej Žlajpah – Director	<b>Board of Directors:</b> Blaž Jakič – Chairman, Iztok Šekoranja, Draško Milinović
<b>Serbia</b>		
<b>Triglav Osiguranje a.d.o., Belgrade</b>	Dragan Marković – General Manager, Blaž Jakič – Member of the Board of Directors	<b>Supervisory Board:</b> Tedo Djekanović – Chairman, Radenko Purić, Vuk Šušić, Gorazd Jenko, Fejsal Hrustanović
<b>North Macedonia</b>		
<b>Triglav Osiguruvanje a.d., Skopje</b>	Gjorge Vojnović – Chief Executive Officer, Rok Pivk – Executive Officer	<b>Board of Directors:</b> Tedo Djekanović – Chairman, Darko Popovski, Matej Ferlan, Blaž Kmetec, Gjorge Vojnović, Ljube Rajevski, Rok Pivk
<b>Triglav Osiguruvanje Život a.d., Skopje</b>	Aleksandar Andonovski – Chief Executive Officer	<b>Board of Directors:</b> Tedo Djekanović – Chairman, Igor Donevski, Aleksandar Andonovski, Gjorgji Jančevski

## 5. External and internal audit

On 31 May 2016, the General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors for 2016, 2017 and 2018.

The report on the work of the Internal Audit Department is included in *Section 1.1 Risk Management*.

## 6. Internal controls and risk management in relation to financial reporting

The Triglav Group has an efficiently designed and integrated internal control and risk management system, which is promptly adapted to the Group's development, organisational

changes and best practices. The system exceeds the basic statutory requirements for insurance undertakings set out in the Companies Act and the Insurance Act, as well as special implementing regulations of the Insurance Supervision Agency on the establishment and maintenance of a suitable internal control and risk management system.

The internal control and risk management system was set up at all organisational levels, in all units and processes of the Triglav Group and encompasses:

- a clear organisational structure with a precisely defined and transparent system of duties and powers;
- efficient procedures for an ongoing control, error prevention, and identification, assessment, management and monitoring of risks to which the insurance undertakings are or may be exposed in the course of their operations;
- an adequate internal control system that includes appropriate administrative and accounting procedures (reporting, working procedures, risk exposure limits and physical controls);
- compliance with the applicable legislation and regulatory requirements.

The Internal Audit Department is an independent organisational unit, set up in compliance with the law. It regularly reviews the effectiveness of the internal control and risk management system and offers upgrade proposals as well as reports to the Management Board, the Audit Committee and the Supervisory Board.

The characteristics and operation of the risk management system are discussed in detail in *Section 1. Risk Management*.

Internal controls are guidelines and procedures established by Zavarovalnica Triglav as the parent company of the Group and implemented at all levels in order to manage the risks related to financial reporting. The purpose of internal controls is to ensure reliability of financial reporting and compliance with the applicable laws and other external and internal regulations.

Accounting controls are based on the principles of truthfulness and an appropriate sharing of responsibilities, checking the performance of transactions, keeping of up-to-date records, compliance of books of account with the actual situation, separation of the records from the execution of transactions, professionalism of accountants and their independence. Accounting controls are closely linked to IT controls, which, inter alia, restrict and control access to the data and applications and ensure completeness and accuracy of data capturing and processing.

## **7. Notes on takeover legislation**

Zavarovalnica Triglav is subject to the provisions of the Takeover Act (hereinafter: ZPre-1; Official Gazette of the RS, Nos. 79/06, 67/07 – ZTFI, 1/08, 68/08, 35/11 – ORZPre75, 105/11 – Constitutional Court Decision, 10/12, 38/12, 56/13, 63/13 – ZS-K and 25/14: ZPre-1-NPB9).

The share capital structure of Zavarovalnica Triglav, the rights and obligations attached to the shares, the restriction on transfer of shares and the absence of shares that would grant their holders special control rights are described in detail in *Section 6. Share and Shareholders of Zavarovalnica Triglav*.

## **8. Disclosure of the existence of any agreements or authorisation regarding shares or voting rights**

Zavarovalnica Triglav is not aware of any shareholder agreements that could cause a restriction on the transfer of shares or voting rights.

The Management Board of Zavarovalnica Triglav is not authorised by the general Meeting of Shareholders to buy its own shares. The Management Board's authorisation to increase the share capital is described under *Section 5.3.2.1*. The issue of new shares, the amount of capital increase, the rights attached to new shares and the conditions for issuing new shares are decided upon by the Company's Management Board with the consent of the Supervisory Board.

Zavarovalnica Triglav has no employee share scheme.

The Company is not aware of any agreements that would become effective, change or expire on the basis of a changed control of the Company or as a consequence of a takeover bid as defined by the Takeover Act (ZPre-1).

Zavarovalnica Triglav has not entered into any agreements with the members of its management or supervisory bodies or employees which would provide for remuneration if a takeover bid in line with the Takeover Act caused them to resign, be dismissed without justified grounds, or caused their employment to be terminated in some other manner.

Andrej Slapar  
President of the Management Board

Uroš Ivanc  
Member of the Management Board

Tadej Čoroli  
Member of the Management Board

Barbara Smolnikar  
Member of the Management Board

Marica Makoter  
Member of the Management Board, Employee Representative