

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 for the financial year 2017, Zavarovalnica Triglav, d.d., gives its position on the subject of the Corporate Governance Code for Companies with State Capital Assets, adopted in May 2017, and on the Recommendations and Expectations of the Slovenian Sovereign Holding, adopted in May 2017, issued by the Slovenian Sovereign Holding and are available on the website 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.

- Point 6.8.2

Zavarovalnica Triglav, d.d., partially diverges from the Code. It includes in the Nomination Committee also external members and if necessary external professionals from the field of searching and selecting the staff.

- Point 6.13.2

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

- Point 6.15.1

President of the Supervisory Board is President of the Nomination and Income Committee from 18 November 2016 to 30 May 2017 period. At that time he was the President of the Nomination Committee as a temporary committee, formed for the implementation of the procedure of appointing candidates for members of the Supervisory Board, representatives of shareholders.

Due to easy coordination and implementation of the procedures we suppose that it is reasonable that the President of above mentioned committees is the President of the Supervisory Board.

▪ Point 8.3

Zavarovalnica Triglav, d.d., partially diverges from the Code as it does not disclose the income and other rights of an individual member of management and supervisory body for all companies in in the group, but only for the parent company. Due to the protection of personal data in Zavarovalnica Triglav, d.d., it does not disclose the income from the employment relationship of members of the Supervisory Board who are the representatives of the workers.

▪ Point 10.1

Zavarovalnica Triglav, d.d., has its own Triglav Group Code adopted in June 2015 which reasonably comprises all elements defined in the Code, certain contents specific for the insurance and financial service where companies of the Triglav Group make business, are accommodated. Some provisions of the Code are, on the basis of general provisions of Triglav Group Code, covered in subordinated acts of the companies of the Triglav Group.

▪ Point 10.2

Zavarovalnica Triglav, d.d., is the signatory of Slovenian guidelines of corporate integrity. With the development of the system of compliance of business, the Insurance exceeded the so called legalistic principle of the compliance and strengthens the activities for the rise of the corporate integrity, considering risks for the corporate integrity in the company and strategic guidelines in this field. The guidelines (elements) of Slovenian guidelines of corporate integrity of Zavarovalnica Triglav, d.d., has already been in progress, and it will keep on additionally upgrading its system of corporate integrity by strengthening some additional elements of ensuring the compliance of the business of the company.

2. Recommendations and Expectations of the Slovenian Sovereign Holding

• Recommendation 1: A three year period of the business plan of the company /group

1.1

Zavarovalnica Triglav, d.d., diverges from the recommendations according to submitted drafts of business plans and business plans. Zavarovalnica Triglav, d.d., as a public limited company with shares in the First listing of Ljubljana stock exchange is obliged to inform in line with the valid legislation and recommendations of the stock exchange and treating the same its shareholders. In compliance with the recommendation of 1.6, the company treats the business plans as a business secret, it does not submit them to SSH and it transparently issues the summary of the business plan of the Triglav Group in public for the future and the existing strategy of the Triglav Group.

1.2

Zavarovalnica Triglav, d.d., diverges from the recommendation as far as the draft of business plans and their contents are concerned. Pursuant to the recommendation 1.6 and as it is clear in the derogation from the recommendation 1.1., Zavarovalnica Triglav, d.d., does not submit the drafts of business plans of the parent company or the Triglav Group.

1.3

Pursuant to the recommendation 1.6 Zavarovalnica Triglav, d.d., partially diverges from the recommendation 1.3 as far as the extent of the disclosure in the publicly issued summary of the business plan of the Triglav Group for the following year is concerned. It doesn't involve the description of expected situations of the business of the Triglav Group and certain key financial data of the Triglav Group.

1.4

Pursuant to the recommendation of 1.6, Zavarovalnica Triglav, d.d., partially diverges from the recommendation of 1.4. The draft of the business plan and the strategy of the Triglav Group were publicly issued for the following year and contain data of this year and the following year as well for the strategic period or the last year of the strategic period.

- Recommendation 2: Periodical reporting on the business of the company/group

2.1

Zavarovalnica Triglav, d.d., partially diverges from the recommendation as far as the deadline of submitting periodical reports on business is concerned. Zavarovalnica Triglav, d.d., issues reports on business at the same time as for the parent company in the Triglav Group. The dates are clear in the previously issued financial calendar of the company. After the issue of each report it additionally submits the required data to SSH in the scope of publicly issued reports.

2.2

Zavarovalnica Triglav, d.d., partially diverges from the recommendation of 2.2 as far as the contents of the periodical reports on business are concerned. The contents of the certain report depends on the period it refers to (report on the business of the parent company and the Triglav Group in the first three, six, nine months of the year, annual report).

2.3

Zavarovalnica Triglav, d.d., diverges from the recommendation 2.3 as far as monthly periodical reports on business are concerned. Zavarovalnica Triglav, d.d., issues, in line with the Slovenian legislation and the legislation on the EU level and the valid Slovenian and international practice of public companies, annual reports and inter-annual reports on business of the parent company and the Triglav Group in the first three, six, nine months of the year.

- Recommendation 3: Transparency of procedures of making business that refer to expenses of the company (order of material and services, donation and sponsorship) Zavarovalnica Triglav , d.d., with a suitable process of supply that is covered by many internal acts ensures transparent,

economic and competitive business in the field of making business that demand expenses of the company and a suitable control over internal controls and the Internal Audit Department. All more important supply procedures are carried out through mixed selecting committees according to a prescribed procedure in advance.

The field of sponsorship and donation has introduced a whole process of the management of roles, the basis of which are issued tenders, however, the selecting committees of the company consider the principles of the balance, objective excusable reasons, dispersion and the responsibility of the company according to the location specifics, the needs and the practice. On the website of the company dates of the tender for the current year at the beginning of the year are issued, and also each individual tender for the tender documentation.

Public issues are ensured by the considering the Law on access to public information. It does not carry out publicly issued values of other business, for the data on the basis of internal acts and contract provisions and the valid legislation don't present a business secret of the company. Such disclosure would potentially deteriorate the competitive situation of the company.

- Recommendation 4: Optimisation of costs

We don't withdraw the importance from the recommendation in Zavarovalnica Triglav, d.d. We take necessary measures for the optimisation of the costs of work. We consider the business Collective Agreement for the payment of subrogation. The amount of exceptional payments is defined by the obtained business results.

We don't ensure the issue of data about intended exceptional payments. The realization of these payments and legal bases for the payment and the methodology definition of the amount of the payment to individual employees are also not ensured. Legal bases and the methodology of the amount definition of the individual payment are defined as a business secret.

- Recommendation 5: Obtaining the quality and excellence business of companies/groups

Zavarovalnica Triglav, d.d., implemented in 2017 three self-assessments according to the European EFQM model of excellence. At a preparation of the documentations for the third self-assessment, the emphasis was made on the approaches of matrix and indicators and their connection with the new strategy from 2017 until 2020. Some recognized opportunities are reasonably involved in the project, the goals of business functions or the strategic matrix of individual business functions. The self-assessment showed again that Zavarovalnica Triglav, d.d., is an organization that has arranged business processes and monitors and obtains good results from the viewpoint of the business success, customers, the employees and the whole company.

The self-assessment is carried out for the parent company only, it has not yet been carried out for the Triglav Group. The Supervisory Board takes note of the results of the self-assessment, but not SSH. Shareholders and the wide public take note of the self-assessment in the framework of the Annual report.

- Recommendation 6: The Assemblies of the companies

Zavarovalnica Triglav, d.d., diverges at a small extent at the recommendation, but it entirely considers the provisions of the valid legislation and the Slovenian Code of the management of limited companies.

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