

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 on 19 December 2014 and the Recommendations and Expectations of the Slovenian Sovereign Holding, adopted in December 2014 and published by Slovenski Državni Holding, d.d. 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

There is not an external expert on the Commission on Appointments and Compensation. External experts are employed by the Commission on Appointments and Compensation on a need-to basis.

▪ 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 10.1

Zavarovalnica Triglav, d.d. has its own code of good business conduct, which is published on the website of Zavarovalnice Triglav, d.d. Its contents only slightly differ from the recommendation.

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 (for example, by establishing a mechanism for identifying risks to corporate integrity).

2. Recommendations and Expectations of the Slovenian Sovereign Holding
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• 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. 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. After the end of the public tender, the Company publishes the ID numbers of applicants (they receive the number when they submit the application) who have received funds in the context of a particular tender.

- Publications are ensured by taking into account the Public Information Access Act. The 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 Labour Costs in 2015
Zavarovalnica Triglav, d.d., does not diverge significantly from the recommendation. We adopt the necessary measures to optimise labour costs. For 2015, we are planning to lower labour costs more than those realised in 2014. The holiday bonus will be paid out in accordance with the law on additional intervention measures for 2012 and will be the same amount as the minimum salary; the amount of extraordinary payments to employees will be determined by considering the achieved business goals for 2014.

We cannot ensure the publication of the Collective Agreement and other legal bases and methodologies for determining the amount of an individual payment, since they represent a business secret.

- Recommendation 5: Achieving Quality and Excellence in Company/Group Business Operations
Zavarovalnica Triglav, d.d. has carried out the first self-assessment according to the EFQM European model for excellence. The documents, on the basis of which the self-assessment was prepared (recognised approached and results), were prepared by employees working in four working groups and employed in various company departments:
 - Group A: Management, strategy, operating results;
 - Group B: Processes and services, results, employees;
 - Group C: Employees, results of employees;
 - Group D: Partnerships and resources, results – company.In this way, we managed to include all the factors and results of the EFQM model.

- 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.