

## **A counterproposal to a draft resolution of the agenda of the 45th General Meeting of Shareholders of Zavarovalnica Triglav d.d. and the opinion of the Management Board**

On 24 April 2020, Zavarovalnica Triglav received a counterproposal by the shareholder Zavod VZMD – zavod Vseslovensko združenje malih delničarjev (Pan-Slovenian Shareholders' Association) to Draft Resolution No 3.1 under Agenda Item 3 of the 45th General Meeting of Shareholders of Zavarovalnica Triglav d.d. to be held on Tuesday, 2 June 2020, at 14:00 in Marmorna Hall at Gospodarsko razstavišče, d.o.o., Dunajska cesta 18, Ljubljana.

### **The counterproposal together with its explanation is as follows:**

“Accumulated profit as at 31 December 2019 amounted to EUR 60,543,474.97 and shall be distributed as follows:

– A part of the accumulated profit amounting to EUR 56,777,090.00 shall be distributed 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 as at 11 June 2020. On 12 June 2020, the Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d., intended to execute the corporate action of paying out dividends to the shareholders in accordance with the common European standards for corporate actions.

The distribution of the remaining accumulated profit of EUR 3,766,384.97 shall be decided on in the coming years.”

The shareholder’s explanation: “VZMD believes that it is appropriate and necessary that the Company pays to its shareholders at least the same dividend as in previous years. As the submitting shareholder, we believe that the Company is capable of paying such a dividend to its shareholders without adversely affecting or obstructing the Company’s plans.

Zavarovalnica Triglav has adopted a clear dividend policy, according to which “part of consolidated net profit of the preceding year, which is to be allocated to dividend payment, accounts for at least 50%. The Company will strive to pay out a dividend not lower than the dividend of the preceding year. The proposal of the Management Board and the Supervisory Board not to pay out dividends is thus in direct contradiction with the assurances of the Company’s representatives given at the General Meetings of Shareholders in previous years and the adopted dividend policy of the Company.

In addition, VZMD emphasises that it was contacted by many shareholders of Zavarovalnica Triglav, who rightly expect an appropriate dividend yield on their investment.

The submitting shareholder also points to Article 399 of the ZGD-1, which explicitly states that a general meeting resolution may be challenged if accumulated profit is not distributed to the shareholders in the amount corresponding to at least 4% of the share capital.

In view of some of the recommendations, requirements and even general orders of various institutions and associations regarding the non-payment of dividends, VZMD points out that the decision on dividend distribution is solely the responsibility of the owners, i.e. the shareholders. At the same time, VZMD called upon the institutions and associations that sent such warnings to publish – if they even exist – the relevant analyses and information on the basis of which they have taken such ad-hoc and harmful positions. By the time this proposal was drafted, we had not received any explanation or analysis in this regard that would in any way justify the disputed positions and decisions – with extremely far-reaching, damaging consequences and repercussions.”

**The opinion of the Management Board:**

The Management Board of Zavarovalnica Triglav opposes the counterproposal. The proposal of the Management Board and the Supervisory Board is to leave the accumulated profit of EUR 60,543,474.97 as at 31 December 2019 undistributed and thus its full amount to be allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholder's resolution. Their proposal is consistent with the Slovene regulator's call and with the aim of ensuring the medium-term sustainable target capital adequacy of the Triglav Group, as set out in the Company's dividend policy.

On 31 March 2020, Zavarovalnica Triglav received the Insurance Supervision Agency's call upon the insurance companies to suspend the payout of dividends from accumulated profit and not to undertake any irrevocable commitment to pay out dividends by 1 October 2020. The preventive action of the Slovene regulator, which is based on the recommendations and actions of the European regulators or authorities (EIOPA and IAIS), aims to preserve the financial stability of the Slovene insurance sector and increase its resilience to the impact of the novel coronavirus pandemic. The proposal of the Management Board and the Supervisory Board is consistent with the regulator's call.

The proposal of the Management Board and the Supervisory Board is not contrary to the Company's dividend policy, which is not only appealing to shareholders but has to be and is sustainable. The dividend policy sets out that its implementation will be subordinated to achieving the medium-term sustainable target capital adequacy of the Triglav Group. The Triglav Group performed well in 2019 and its capital adequacy as at the 2019 year-end was within the target range set in the Triglav Group's capital management policy. Due to the novel coronavirus pandemic, the financial and operating conditions have deteriorated in 2020. The Company is not yet able to accurately and reliably predict the impact of this situation on the operations and financial position of the Triglav Group in the medium term, as the environment remains extremely volatile, with considerable uncertainty regarding the economic effects of the pandemic. Therefore, the Company has developed various scenarios likely at this time and on that basis published on 22 April 2020 impact assessments on the business of the Triglav Group in 2020. Among other things, a potential impact could be the decrease of the Group's capital adequacy below its target value. The Management Board believes that the proposed counterproposal does not take into account, to a sufficient extent, the aspect of maintaining the financial stability of the Triglav Group in the current situation of high uncertainty.

The Management Board points out that Zavarovalnica Triglav is not changing its existing dividend policy. It is aware that this year's proposal of the Management Board and the Supervisory Board regarding the distribution of accumulated profit deviates from the practice of recent years. It was formulated by taking into account the existing challenging situation and the regulator's call. The Management Board believes that shareholders will accept this justification with understanding, bearing in mind that undistributed accumulated profit for 2019 will be allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholder's resolution.