

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 2019

### **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 is published on SEOnet, the Ljubljana Stock Exchange information system, and on Zavarovalnica Triglav's official website ([www.triglav.eu](http://www.triglav.eu)).

### **2. Statement of Complinnce with the Slovene Corporate Governance Code**

In its operations, Zavarovalnica Triglav abides by the Corporate Governance Code (hereinafter: the Code), which was adopted on 27 October 2016 and which is publicly available on the website of the Ljubljana Stock Exchange in Slovene and English ([www.ljse.si](http://www.ljse.si)).

Zavarovalnica Triglav's Statement of Compliance with the Corporate Governance Code for the period from 1 January 2019 to the day of publication in 2020 is available on SEOnet and on Zavarovalnica Triglav's official website ([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 provisions of the Code:

- Point 5.7: The Corporate Governance Statement, as part of the Annual Report, is reviewed annually by an external independent auditor. In addition, Zavarovalnica Triglav has an internal audit department, which performs independent control over the organisation and economy of Zavarovalnica Triglav's operations in accordance with the relevant regulations and internal acts.

- Point 14.4: With the help of the relevant departments, the Supervisory Board conducts an annual self-assessment of the work of the Supervisory and its committees and draws up a report, with respect of which the Supervisory Board gives an opinion and adopts an action plan with measures for improvement. At its discretion, the Supervisory Board also conducts external assessment in cooperation with external experts.
- Point 15.3: The Code recommends that the Chairman of the Supervisory Board is not the chair of the Supervisory Board's committees. In order to facilitate the coordination and implementation of procedures at Zavarovalnica Triglav, the Chairman of the Supervisory Board is also the chair of the Appointment and Remuneration Committee.
- Point 19.6: Pursuant to the resolution of the Supervisory Board, the members of the Management Board do not require the approval of the Supervisory Board prior to their appointment to the management or supervisory bodies of Zavarovalnica Triglav's direct and indirect subsidiaries and associates; 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 published on its official website ([www.triglav.eu](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 available on the website of Slovenski državni holding d.d. at ([www.sdh.si](http://www.sdh.si)), which is published on the Company's official website ([www.triglav.eu](http://www.triglav.eu)).

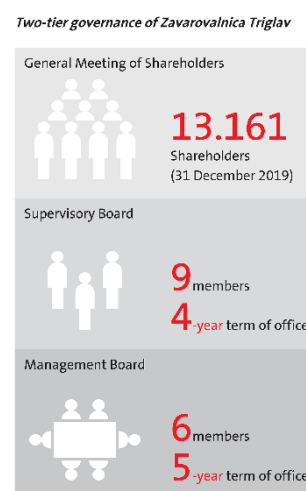
The Statement of Compliance with the Slovene Corporate Governance Code is available both on SEOnet and the Company's official website ([www.triglav.eu](http://www.triglav.eu)).

### 3. Management bodies of Zavarovalnica Triglav

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

#### 3.1. General Meeting of Shareholders

The shareholders 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 the 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 dividend payment and
- a proportional share from the remaining bankruptcy or liquidation estate in the event of bankruptcy or liquidation.

All the shareholders who are entered in the share register managed by KDD– Centralno klirinška depotna družba d.d. 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 of Zavarovalnica Triglav hold a qualifying holding (as at 31 December 2019):

- 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 2019 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 stake remained unchanged in 2019.
- Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, held 1,494,061 shares or 6.57% of the share capital of Zavarovalnica Triglav, representing an increase of 5,252 shares over the 2018 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 2019**

Zavarovalnica Triglav's shareholders met once, i.e. on 28 May 2019, at the 44<sup>th</sup> General Meeting of Shareholders. The total number of shares and voting rights represented at the General Meeting of Shareholders was 18,070,174 or 79.57% of all shares to which the voting rights are attached. The General Meeting of Shareholders was briefed on:

- Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018,
- opinion given by the audit firm,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2018,
- Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018 and
- Opinion of the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2018.

The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 66,783,627.69 as at 31 December 2018:

- 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 12 June 2019. The Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d. on 13 June 2019.
- The distribution of the remaining accumulated profit of EUR 9,945,757.69 shall be decided on in the next years.

The shareholders granted a discharge for the 2018 business year to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.

The audit firm Deloitte revizija d.o.o., Dunajska cesta 165, Ljubljana, was appointed the auditor of Zavarovalnica Triglav for the 2019, 2020 and 2021 financial years.

No action of voidness was announced at the General Meeting of Shareholders.

### **3.2. Management Board**

The Management Board manages the Company independently and at its own responsibility, and 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. This Policy 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. With 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 March 2019, prior to David Benedek's appointment, the fit and proper assessment procedure was carried out for both the Management Board member candidate and the Management Board as a collective body, taking into account said candidate. It was assessed that David Benedek was fit and proper to perform the duties of a Management Board member; in addition, taking into account its members, the Management Board as a collective body was assessed to be fit and proper. In October 2019, a periodic assessment of all other Management Board members and the Management Board as a collective body was performed, taking into account David Benedek's assessment from the fit and proper assessment procedure that took place before his appointment. Furthermore, the Management Board as a collective body was assessed as fit and proper.

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

According to the Articles of Association, the Management Board has no less than three and no more than six members, one of whom one is the president. The number of the Management Board members, their powers, the manner of representation and presentation, and the delegation of the Management Board's powers 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 and dismissal of an individual or all Management Board members 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 28 March 2019, the Supervisory Board appointed David Benedek a new member of the Management Board. His five-year term of office began on 29 August 2019.

The proposal for his appointment took into account the Diversity Policy adopted by the Management Board and the Supervisory Board. 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 groups.

## Composition of the Management Board in 2019

Name and surname	Function	Area of work in the Management Board (as at 31 Dec 2019)	Start of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory and/or management bodies of other companies
<b>Andrej Slapar</b>	President	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. In charge of the Corporate Accounts Division, HR matters related to the employees with special powers, Arbitration, Nuclear Pool and the economic interest grouping of Slovene insurance companies.	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 (until 1 Oct 2019) Triglav INT d.d. (until 12 Jul 2019)
<b>Uroš Ivanc</b>	Member	In charge of the following head office support departments: Strategic Purchasing Department, Risk Management Department, Strategic Planning and Controlling Department, Finance and Accounting Functional Areas excluding Investment Department	14 Jul 2014	15 Jul 2024	Male	Slovene	1975	Master of Science in Business and Organisation	Management and organisation, strategic management, insurance, financial management, financial markets and analyses, asset management, risk management	Triglav INT d.d. (until 12 Jul 2019) Triglav, upravljanje naložb in svetovalne storitve d.o.o. Triglav, Upravljanje nepremičnin d.d (until 21 Aug 2019) Triglav, Zdravstvena zavarovalnica d.d. (from 9 Aug 2019)
<b>Tadej Čoroli</b>	Member	In charge of the Innovation and Digitalisation 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 Jul 2014	30 Jul 2024	Male	Slovene	1975	LL.M.	Management, strategic management, commercial law, insurance, marketing	Triglav, Zdravstvena zavarovalnica d.d. (until 8 Aug 2019) Triglav INT d.d. (until 12 Jul 2019) Triglav, pokojninska družba d.d (until 19 Jul 2019)
<b>Barbara Smolnikar</b>	Member	In charge of the Life Insurance Division and the Life Insurance Development and Actuarial Department. Responsible for anti-money laundering.	17 Oct 2017	17 Oct 2022	Female	Slovene	1967	PhD in Management	Management, strategic management, banking, bancassurance, financial markets and analyses, risk management	Triglav INT d.d. (until 12 Jul 2019) Triglav, Zdravstvena zavarovalnica d.d. (until 8 Aug 2019) Triglav Svetovanje d.o.o. (until 9 Jul 2019) Triglav, pokojninska družba d.d.
<b>David Benedek</b>	Member	In charge of Subsidiary Management and the Investment Department.	29 Aug 2019	29 Aug 2024	Male	Slovene	1973	MSc in Business and Organisation	Management, strategic management, banking, insurance, financial markets and analyses, corporate governance	Triglav Osiguranje, Zagreb d.d. Triglav INT d.d. Triglav, upravljanje naložb in svetovalne storitve d.o.o. (from 13 May 2019) Triglav, Upravljanje nepremičnin d.d (from 22 Aug 2019) Triglav Skladi d.o.o (from 2 Oct 2019)
<b>Marica Makoter</b>	Member and	Represents the workers' interests as set out in the Worker Participation in Management Act. In charge of the Organisation Development and Business Process	21 Dec 2011	22 Dec 2021	Female	Slovene	1972	LL.B.	Management, strategic management, commercial law, insurance, human	Triglav INT d.d. (until 12 Jul 2019)

Name and surname	Function	Area of work in the Management Board (as at 31 Dec 2019)	Start of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory and/or management bodies of other companies
	Worker Director	Management Department, the Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department. Responsible for the IT Division, the Back Office Division and the Human Resource Management Division (excluding HR matters related to the employees with special powers).							resources and organisation, worker representation	

**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 Directive 2009/138/EC – Solvency II, as amended by Directive 2012/23/EU, and Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC.

The Remuneration Policy of Zavarovalnica Triglav d.d. is designed to ensure the Company's appropriate capital strength, to encourage reliable and effective risk management while not promoting the assumption of risks exceeding the allowed risk limits, and to provide for the acquisition and retention of appropriately professionally qualified, 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 2019 (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)	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	181,575	48,895		48,895	54,842	0	65,885	0	230,470	79,755
Uroš Ivanc	Member	172,597	46,450		46,450	52,100	0	44,961	0	219,047	76,257
Tadej Čoroli	Member	172,597	46,450		46,450	52,100	0	50,384	0	219,047	74,166
Barbara Smolnikar	Member	172,597	24,590		24,590	28,447	0	50,401	0	197,187	65,634
David Benedek	Member from 29 August 2019	44,633	0		0	0		15,128	0	44,633	12,848
Marica Makoter	Member	172,597	46,450		46,450	52,100	0	49,354	0	219,047	73,574
Benjamin Jošar	Member until 2 November 2017	0	4,400		4,400	8,223	0	0	0	4,400	2,570
<b>Total</b>		<b>916,596</b>	<b>217,235</b>	<b>0</b>	<b>217,235</b>	<b>247,812</b>	<b>0</b>	<b>276,113</b>	<b>0</b>	<b>1,133,831</b>	<b>384,804</b>

\* The disclosure does not include travel expenses, accommodation costs and daily allowance as, by their nature, they are not considered remuneration of the Management Board.

\*\* The data under item (2) contain the 3rd portion of the bonus for 2015, the 2nd portion of the bonus for 2016 and the 1st portion of the bonus for 2018, which were paid in 2019.

\*\*\* The data under item (3) contain the 3rd portion of the bonus for 2016, the 2nd and 3rd portions of the bonus for 2017 and the 2nd and 3rd portions of the bonus for 2018, which will be paid out in the coming years.

\*\*\*\* The data under item (5) contain the benefits and the supplemental voluntary pension insurance premium.



### **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 dismissal 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. apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessment is 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 Supervisory Board member before the expiry of their term of office, while each Supervisory Board member may resign from their position under the conditions and in the manner laid down by the Articles of Association.

In March and August 2019, prior to the appointment of the Supervisory Board members – employee representatives, the fit and proper assessment procedures of the candidates Branko Gorjan, Peter Celar and Igor Zupan were carried out, as well as the assessment of the Supervisory Board as a collective body taking into account said candidates. It was assessed that Branko Gorjan, Peter Celar and Igor Zupan were fit and proper to perform the duties of a Supervisory Board member; in addition, taking into account said candidates, the Supervisory Board as a collective body was assessed to be 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 Company's Articles of Association 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 equity stakes in domestic or foreign companies;
- the issue of debt securities and long-term borrowing from domestic or foreign banks; and
- the acquisition and sale of real property and investment in real 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 2019

#### Composition of the Supervisory Board in 2019

Name and surname	Function	Start of term of office (the 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 under Art. 23 of the Corporate Governance Code	Existence of conflict of interest in 2019	Membership in the supervisory and/or management bodies of other companies while serving on the Supervisory Board in 2019	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 Jun 2020	8 of 8	Male	Slovene	1968	BSc in Electrical Engineering, MBA	Banking, insurance, strategic management, financial markets and analyses, controlling, accounting and business process reengineering	YES	NO	/	Appointment and Remuneration Committee	Chairman	8 of 8
Andrej Andoljšek	Member	13 Jun 2017	13 Jun 2021	7 of 8	Male	Slovene	1970	BSc in Economics	Financial and general management, financial markets and analyses, banking, corporate governance, business and financial restructuring of companies	YES	NO	/	Strategy Committee	Member	2 of 2
	Vice Chairman	21 Jun 2017	13 Jun 2021					Nomination Committee					Chairman	0 of 0	
Milan Tomažević	Member	13 Jun 2017	13 Jun 2021	8 of 8	Male	Slovene	1946	BSc in Economics	Insurance and reinsurance, informatics, management and actuarial science	YES	NO	/	Strategy Committee	Chairman	2 of 2
Žiga Škerjanec	Member	13 Jun 2017	13 Jun 2021	8 of 8	Male	Slovene	1978	LLB.	Corporate law and finance and the operation of supervisory boards	YES	NO	/	Strategy Committee	Member	2 of 2
													Appointment and Remuneration Committee	Member	8 of 8
													Nomination Committee	Member	0 of 0
Nataša Damjanovič	Member	13 Jun 2017	13 Jun 2021	8 of 8	Female	Slovene	1965	Bachelor of Economics	Financial markets and analyses, banking, marketing and strategic management	YES	NO	/	Audit Committee	Member	8 of 8
													Appointment and Remuneration Committee	Member	8 of 8
Mario Gobbo	Member	12 Jun 2013	13 Jun 2021	8 of 8	Male	Italian	1953	PhD in Economics	Banking, financial management, financial markets and analyses, investment banking, investment, restructuring, acquisition of financial assets and privatisation	YES	NO	/	Audit Committee	Chairman	8 of 8

Name and surname	Function	Start of term of office (the 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 under Art. 23 of the Corporate Governance Code	Existence of conflict of interest in 2019	Membership in the supervisory and/or management bodies of other companies while serving on the Supervisory Board in 2019	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
Peter Celar	Member	30 May 2011	31 May 2019	8 of 8	Male	Slovene	1958	Bachelor of Economics	Insurance	YES	NO	/	Strategy Committee	Member	1 of 1
		1 Jun 2019	2 Jun 2023										Appointment and Remuneration Committee	Member	2 of 2
													Nomination Committee	Member	0 of 0
Branko Gorjan	Member	1 Jun 2019	1 Jun 2023	4 of 4	Male	Slovene	1960	Economic technician	Insurance	YES	NO	/	Strategy Committee	Member	1 of 1
Igor Zupan	Member	27 Sep 2019	1 Jun 2023	3 of 3	Male	Slovene	1972	Bachelor of Administrative Organisation – IT Specialist	Insurance	YES	NO	Lovčen životna osiguranja a.d.	Audit Committee	Member	1 of 1
Boštjan Molan	Member	31 May 2015	31 May 2019	4 of 4	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	3 of 4	Male	Slovene	1969	LL.M.	Insurance	YES	NO	/	Audit Committee	Member	3 of 4

### External members of Supervisory Board committees in 2019

First and last name	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 on a Supervisory Board committee in 2019
Simon Kolenc	Audit Committee	8 of 8	Male	Slovene	BSc in Economics	1977	Finance, accounting, audit	/
Boštjan Koler	Nomination Committee	0 of 0	Male	Slovene	LL.B.	1961	Law	/

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.

Data on the 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 members and committees in 2019 (in EUR)*

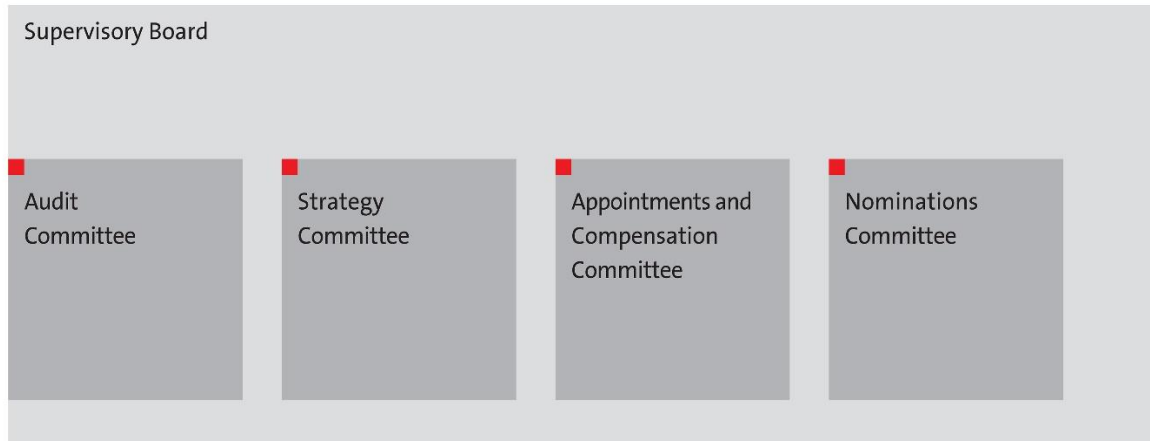
Name and surname	Function (Chairman, Vice Chairman, member, External committee member)	Remuneration for performing the function – gross per year (1)	Attendance fees for SB sessions and committee meetings – gross per year (2)	Total gross (1+2)	Total net*	Gross travel expenses	Net travel expenses*
Igor Stebernak	Chairman	28,125	3,872	31,997	23,271	579	421
Andrej Andoljšek	Member	20,381	2,365	22,746	16,543	0	0
Milan Tomažević	Member	20,625	2,640	23,265	16,921	579	421
Žiga Škerjanec	Member	22,500	4,312	26,812	19,500	579	421
Nataša Damjanovič	Member	22,500	5,588	28,088	20,428	579	421
Mario Gobbo	Member	20,625	3,916	24,541	16,166	42,097	27,731
Peter Celar	Member	18,881	2,585	21,466	15,612	245	178
Branko Gorjan	Member	10,111	1,320	11,431	8,314	129	94
Igor Zupan	Member	4,417	1,045	5,462	3,972	0	0
Boštjan Molan	Member	7,813	2,112	9,925	7,218	652	475
Ivan Sotošek	Member	7,813	1,265	9,078	6,602	1,291	939
Simon Kolenc	External committee member	7,500	2,145	9,645	7,015	305	222
<b>Total</b>		<b>191,291</b>	<b>33,165</b>	<b>224,456</b>	<b>161,562</b>	<b>47,035</b>	<b>31,323</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 2019

In 2019, the Company had the following committees: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee as an ad-hoc committee. Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other tasks.

#### *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 Audit Committee include:

- monitoring the financial reporting process, drafting recommendations and 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;
- consideration of decisions on the appointment, dismissal and remuneration of the head of the Internal Audit Department.

In 2019, the Committee was composed of: Dr Mario Gobbo as its Chairman and Nataša Damjanovič, Ivan Sotošek (until 31 May 2019), Igor Zupan (from 13 November 2019) and Simon Kolenc, an outsourced 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 2019, the Appointment and Remuneration Committee had the following composition: Igor Stebernak as its Chairman and Nataša Damjanovič, Žiga Škerjanec, Boštjan Molan (until 31 May 2019) and Peter Celar (from 20 August 2019) 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 2019, the Strategy Committee was composed of the following members: Milan Tomažević as its Chairman and Andrej Andoljšek, Žiga Škerjanec, Peter Celar (until 31 May 2019) and Branko Gorjan (from 20 August 2019) as its members.

## **Nomination Committee**

The Nomination Committee is an ad-hoc committee of the Supervisory Board, established to carry out a nomination procedure for Supervisory Board members – shareholder representatives. The Committee sets the selection criteria unless the Supervisory Board decides otherwise. It makes a list of the candidates for Supervisory Board members and asks the Appointment and Remuneration Committee to draw up their fit and proper assessment. The Nomination Committee then submits to the Supervisory Board a nomination proposal for one or several candidates for Supervisory Board members – shareholder representatives.

Since on 2 June 2020 the four-year term of office of Igor Stebernak, Member and Chairman of the Supervisory Board, will expire, on 19 December 2019 the Supervisory Board established a Nomination Committee for a period of time ending with the appointment of a new Supervisory Board member but no longer than until 1 June 2020. The Committee is composed of: Andrej Andoljšek as its Chairman, Žiga Škerjanec and Peter Celar as its members, and Boštjan Koler as its external member.

#### 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 operate as independent legal entities in accordance with the applicable legislation, resolutions passed by the general meetings and the management and supervisory bodies of subsidiaries, business cooperation agreements (if any) and other adopted internal documents implemented by individual subsidiaries.

The Governance Policy of the Triglav Group's Subsidiaries is the basis for the establishment and implementation a robust and reliable governance system. The Policy is designed to establish the Group's governance system by standardising and harmonising the rules and procedures in individual business segments within the Group's subsidiaries. The main objective of the Group's governance system is to implement uniform minimum standards for core business activities, reporting and supervision at the level of the whole Group. The Governance Policy takes into account both the Group's internal environment and its strategic objectives as well as external environment factors, including the local regulatory environment and the regulators' requirements, the business environment of each subsidiary and the good business practices of other institutions.

The governance 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. Corporate governance includes business management with mechanisms for effective business supervision and cooperation in all business segments, harmonisation of business standards and mutual information of the Group's subsidiaries. This approach also includes business and professional coordination of activities within the Group, as well as holding various training courses with an aim to unify business processes, coordinate key functions and transfer know-how, corporate culture and good business practices at Group level.

Zavarovalnica Triglav is the controlling company, which 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 manner of transferring the system and implementing the activities is defined in greater detail in the minimum standards for individual business segments.

Based on past experience and in line with the Group's strategic objectives, the governance system of the Group's subsidiaries was comprehensively upgraded in 2019. The uniform approach and a higher level of involvement of all subsidiaries at the level of the parent company provide for an even closer integration of business functions in subsidiaries and Zavarovalnica Triglav's business segments.

The governance and management of subsidiaries follows the key guidelines and objectives of the strategy of the Triglav Group, as described in *Section 4. Strategy and plans of the Triglav Group*. The pursuit of the Group's values is an ongoing process in all subsidiaries and the key guidelines in their governance, with a special emphasis on long-term effort to increase the value of the Group's assets. The responsiveness and effectiveness of the subsidiary governance system is ensured by ongoing monitoring of the business environment, the operations of subsidiaries and the implementation of the outlined 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.

*The composition of governance and management bodies as at 31 December 2019*

<b>Subsidiary</b>	<b>Management</b>	<b>Supervisory function</b>
<b>Slovenia</b>		
<b>Pozavarovalnica Triglav Re d.d., Ljubljana</b>	Gregor Stražar – President, Tomaž Rotar – Member, Stanislav Vrtunski – Member	<b>Supervisory Board:</b> Andrej Slapar – Chairman, Tomaž Žust, Sebastjan Debevc, Janko Šemrov
<b>Triglav, Zdravstvena zavarovalnica d.d., Koper</b>	Meta Berk Skok – President, Simon Vidmar – Member	<b>Supervisory Board:</b> Uroš Ivanc – Chairman, Nataša Veselinovič, Tomaž Krevatin
<b>Triglav, pokojninska družba d.d., Ljubljana</b>	Aljoša Uršič – President, Peter Krassnig – Member, Vida Šeme Hočevnar – Member	<b>Supervisory Board:</b> Barbara Smolnikar – Chairwoman Nataša Veselinovič, Miha Grilec, Jaka Kirn, Miran Kalčič, Vesna Vodopivec, Borut Simonič, Tomaž Jontes
<b>Triglav Skladi, družba za upravljanje d.o.o., Ljubljana</b>	Benjamin Jošar – President, Andrej Petek – Member Miha Grilec – Member	<b>Supervisory Board:</b> David Benedek – Chairman, Blaž Kmetec, Meta Berk Skok, Nataša Veselinovič, Matej Runjak
<b>Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale</b>	Edvard Kranjčič – Director, Omar Husić – Procuration Holder	<b>Supervisory Board:</b> Andreja Pelc – Chairwoman, Matjaž Novak, Lidija Breznik, Jana Polda
<b>Triglav INT, holdinška družba d.d., Ljubljana</b>	Tedo Djekanović – Executive Director	<b>Management Board:</b> David Benedek – Chairman, Tedo Djekanović, Saša Kovačič
<b>Triglav Avtoservis d.o.o., Ljubljana</b>	Edvard Zabukovnik – Director, Boris Kuhelj – Director	<b>Supervisory Board:</b> Matej Ferlan – Chairman, Aleš Klement, Lidija Breznik
<b>Triglav, Upravljanje nepremičnin d.d., Ljubljana</b>	Mitja Selan – President, Aleš Vahčič – Member	<b>Supervisory Board:</b> David Benedek – Chairman, Ksenija Zajc, Nataša Veselinovič, Nataša Novak Priveršek
<b>Croatia</b>		
<b>Triglav Osiguranje d.d., Zagreb</b>	Marin Matijaca – President, Denis Burmaz – Member, Mišo Čepлак – Procuration Holder	<b>Supervisory Board:</b> David Benedek – Chairman, Tomaž Žust, Gorazd Jenko, Darko Popovski, Nives Matijevič
<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 – Chairman, 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>Management Board:</b> Blaž Jakič – President, Iztok Šekoranja, Draško Milinović



Subsidiary	Management	Supervisory function
<b>Serbia</b>		
<b>Triglav Osiguranje a.d.o., Belgrade</b>	Dragan Marković – General Manager, Blaž Jakič – Member of the Executive Committee	<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>	Gjorgje Vojnović – Chief Executive Officer, Rok Pivk – Executive Officer	<b>Board of Directors:</b> Tedo Djekanović – Chairman, Darko Popovski, Matej Ferlan, Blaž Kmetec, Gjorge Vojnović, Rok Pivk
<b>Triglav Osiguruvanje Život a.d., Skopje</b>	Aleksandar Andonovski – Chief Executive Director	<b>Board of Directors:</b> Tedo Djekanović – Chairman, Igor Donevski, Aleksandar Andonovski, Gjorgji Jančevski
<b>Triglav penzisko društvo a.d., Skopje</b>	Vojdan Jordanov – President Marijan Nikolovski – Member	<b>Supervisory Board:</b> Aljoša Uršič – President, Darko Popovski, Blaž Kmetec, Nikola Tanasoski

## 5. External and internal audit

On 28 May 2019, the General Meeting of Shareholders appointed the audit firm Deloitte revizija d.o.o. the auditor of Zavarovalnica Triglav for the 2019, 2020 and 2021 financial years.

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 effective and integrated internal control and risk management system established within the Group is promptly adapted to the development, organisational changes and good 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 characteristics and operation of the risk management system is discussed in detail in Section 1. *Risk management*. The internal control system was set up in all organisational levels, units and processes of the Triglav Group and includes:

- 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);
- ensuring compliance with the applicable 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.

Internal controls are guidelines and procedures established by Zavarovalnica Triglav as the parent company of the Group and implemented at all levels. Their purpose is not only to manage the risks relating to financial reporting, but also 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 the takeover legislation**

Zavarovalnica Triglav is subject to the Takeover Act (hereinafter ZPre-1).

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 existence of any agreements or authorisations 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 in *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

David Benedek  
Member of the Management Board

Marica Makoter  
Member of the Management Board