

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 2016, Zavarovalnica Triglav, d.d., gives its position on the subject of the Corporate Governance Code for Companies with State Capital Assets, adopted in March 2016, and on the Recommendations and Expectations of the Slovenian Sovereign Holding, adopted in February 2016, 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.

- Section 6.8.2

Zavarovalnica Triglav, d.d., partially diverges from the Code, and includes in the Nominations Board also external members and if necessary external experts in the field of search and selection of staff.

- 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 8.3

Zavarovalnica Triglav, d.d., partially diverges from the Code, as it does not disclose the remuneration and other rights of individual members of the management and supervisory body for all companies in the group, but only for the parent company. Due to the protection of personal data, Zavarovalnica Triglav, d.d. does not disclose the earnings from employment of the members of the Supervisory Board representing the employees.

▪ Section 10.1

Zavarovalnica Triglav has its own Triglav Group Code, which in June 2015 replaced the then valid Code of Good Business Conduct of Zavarovalnica Triglav from 2010. The Triglav Group Code is published on the website www.triglav.eu. 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.

2. Recommendations and Expectations of the Slovenian Sovereign Holding
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- Recommendation 1: Company/Group Three-year Business Plan

1.1

In accordance with the recommendation 1.5, Zavarovalnica Triglav, d.d. diverges from the recommendation 1.1 regarding forwarding of business plans and draft business plans. 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 and in this context committed to the equal treatment of all its shareholders. The company handles its business plans as a business secret, does not forward them to the SSH and transparently publishes a summary of the business plan of the Triglav Group for the coming year and the existing strategy of the Triglav Group.

1.2

In accordance with the recommendation 1.5, Zavarovalnica Triglav, d.d. partly diverges from the recommendation 1.2 regarding the extent of the disclosures in publicly published summary of the business plan of the Triglav Group for the coming year. The latter contains a description of expected business conditions of the Triglav Group and certain key financial data of the Triglav Group.

1.3

In accordance with the recommendation 1.5, Zavarovalnica Triglav, d.d. partially diverges from the recommendation 1.3. The publicly published summary of the business plan for the coming year and Triglav Group Strategy contains the annual data, namely for the next year and for the strategic period or the last year of the strategic period.

- Recommendation 2: Periodic Reporting on the Business Operations of the Company/Group

2.1

Zavarovalnica Triglav, d.d. partially diverges from the recommendation 2.1 concerning the period of forwarding. 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 and in this context committed to the equal treatment of all its shareholders. 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.

- 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.

Publications are ensured by taking into account the Public Information Access Act. 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 2016

Zavarovalnica Triglav, d.d., does not deviate significantly from the recommendation. We are accepting the necessary measures for optimisation of work costs. Holiday allowance is paid in accordance with the collective agreement. The amount of extra payments to employees is determined by taking into account the achieved operating results.

We can not guarantee the publication of information on intended extraordinary payments, on realization of these payments, and legal bases for the payments and methodologies of

determining the amount of the planned payments to individual employees. Legal basis and methodology of determining the amount of each payment are defined as a business secret.

- Recommendation 5: Achieving Quality and Excellence in Company/Group Business Operations
In the year 2015 Zavarovalnica Triglav, d.d. has carried out the first and in the year 2016 the second self-assessment according to the EFQM European model for excellence. Four working groups have designed the Management document (approaches and results), which includes all factors and results of the model, namely:
 - management, strategy, operating results,
 - processes, products and services, results - clients,
 - employees, results - employees,
 - partnerships and resources, results - the company.

The first self-assessment has shown that we are an organization that has properly arranged operation processes, which monitors and achieves good results in terms of business success, customers, employees and the company as a whole. Zavarovalnica Triglav, d.d. is well on its way to meeting the criteria of business excellence according to the EFQM model. The second self-assessment has been upgraded with the preparation of the strategic folder, thus with the connection of the strategy and vision of the company to the key operating factors. In progress is the third self-assessment (between January and April 2017), which will further include the connection of the meaning of fundamental principles of the EFQM excellence to key operating factors (approaches) according to the criteria of the EFQM model.

Identified were the opportunities for improvement, and together with the actions and responsible actors and deadlines we noted those in the Action Plan. The Supervisory Board of Zavarovalnica Triglav was informed of the results of the first and second self-assessment, action plan and implementation of the improvement measures taken.

- 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.

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