

### **3. STATEMENT OF THE MANAGEMENT OF THE COMPANY**

#### **3.1 Management policy**

Key guidelines for the management of the company, which take into account its long-term objectives, are set out in the document entitled The Management Policy of Zavarovalnica Triglav d.d., which was adopted by the Management Board and the Supervisory Board in 2010. The document was published on SEOnet, the Ljubljana Stock Exchange information system, and on [www.triglav.si](http://www.triglav.si), the official website of Zavarovalnica Triglav d.d.

#### **3.2 Statement of compliance with the Corporate Governance Code**

The statement of compliance with the Corporate Governance Code for the period from 1 January 2009 to the day of publication, i.e., 21 April 2010, was published in electronic format on SEOnet, the stock exchange information system of Ljubljanska borza d.d., and on the official website of Zavarovalnica Triglav d.d.

By this statement Zavarovalnica Triglav takes a stance on the provisions of the Code, which was amended on 8 December 2009.

Zavarovalnica Triglav substantively adheres to the provisions of the Code, which is publicly available in Slovene and English on the Ljubljana Stock Exchange website at [www.ljse.si](http://www.ljse.si). For well-grounded reasons, Zavarovalnica Triglav did not adhere to the following provisions of the Code:

- 8.1 in conjunction with 11  
The Secretary of the Supervisory Board has not been appointed. The tasks of the Secretary of the Supervisory Board are being carried out by the relevant division of the Company.
- 10.1  
The Chairman of the Supervisory Board is a member of the management of a company controlled by a person indirectly participating in the Company.
- 12.1  
In accordance with the resolution passed by the General Meeting of Shareholders on 27 August 2007, Supervisory Board members are not entitled to a monthly fee.
- 21.3  
Zavarovalnica Triglav has not started making public announcements in English.

The company conducts business in line with the Insurance Code in full compliance with all of its provisions. The Insurance Code is available on the website of the Slovene Insurance Association at [www.zav-zdruzenje.si](http://www.zav-zdruzenje.si).

#### **3.3 Management bodies of Zavarovalnica Triglav**

Zavarovalnica Triglav uses a two-tier management system. The management bodies - the General Meeting of Shareholders, the Management Board and the Supervisory Board - operate in compliance with primary and secondary legislation, the bylaws of the company and their

own rules of procedure. The Articles and Memorandum of Association are published on [www.triglav.si](http://www.triglav.si) in the Investor Relations – Management Policy section.

### 3.3.1 General Meeting of Shareholders

The General Meeting of Shareholders, the body through which shareholders of Zavarovalnica Triglav exercise their rights in respect of matters concerning the company, is convened at least once a year, by the end of August at the latest. The General Meeting of Shareholders is also convened in other circumstances set out by law and by the Articles and Memorandum of Association, and when it is in the interest of the Company.

The competences and operation of the General Meeting of Shareholders are set out in the Companies Act and the Articles and Memorandum of Association. The Articles and Memorandum of Association do not set out any specific provisions regarding their amendments and supplements.

A share of Zavarovalnica Triglav gives each of its holders the right to one vote in the General Meeting of Shareholders, to proportional dividends from the profit intended for the payment of dividends and to a proportional share from the remaining bankruptcy or liquidation mass in the case of bankruptcy or liquidation. All shareholders who are entered in the share register managed by the Central Securities Clearing Corporation (KDD) no later than 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 right 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.

In line with the provisions of the Insurance Act, the acquisition of shares of Zavarovalnica Triglav by which a person indirectly or directly acquires or exceeds the qualifying holding in the Company requires the prior authorisation of the Insurance Supervision Agency. If a person who has acquired such authorisation plans a disposal of shares which would decrease their share below the limit for which the authorisation has been issued, they are required to inform the Insurance Supervision Agency thereof in advance. If individual shareholders of Zavarovalnica Triglav enter into an agreement by which they agree on a coordinated execution of management rights attached to the shares which they own, each shareholder must notify the Insurance Supervision Agency of the agreement within three working days from its conclusion and attach a copy of the agreement to the notification. If individual shareholders enter into an agreement by which they agree on a coordinated execution of management rights attaching to the shares which they own, and the total value of these shares or management rights exceeds the qualifying holding, they are required to acquire the prior authorisation of the Insurance Supervision Agency. Shareholders of shares which have been acquired or are possessed contrary to the Insurance Act have no voting rights. For details see the Insurance Act.

In accordance with the Takeover Act, the following two shareholders own a qualifying holding in Zavarovalnica Triglav:

- Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension and Disability Insurance Institute of the Republic of Slovenia; hereinafter ZPIZ) holding 7,836,628 or 34.47% of the share capital of Zavarovalnica Triglav. As at 31 December 2010, the shares were managed by the Capital Assets Management Agency of the Republic of Slovenia (hereinafter AUKN) on behalf of and for the account of ZPIZ in compliance with the Law on Corporate Governance of State Capital Investments (Official Gazette of the RS, No. 38/2010); and
- Slovenska odškodninska družba d.d. (hereinafter SOD) holding 6,380,728 or 28.07% of the share capital of Zavarovalnica Triglav as at 31 December 2010.

As at 31 December 2010, Zavarovalnica Triglav had no other shareholders whose share capital exceeded 5% nor any issued securities which would grant their holders special control rights.

## General Meeting of Shareholders in 2010

The shareholders of Zavarovalnica Triglav had one general meeting in 2010. The 34<sup>th</sup> General Meeting of Shareholders took place on 28 June 2010. The total number of shares and voting rights represented at the General Meeting of Shareholders was 15,911,142 or 69.98% of all shares to which voting rights are attached. No challenging actions were announced.

The General Meeting of Shareholders:

- took note of the Annual Reports of Zavarovalnica Triglav d.d. and the Triglav Group for 2009, including the opinions given by the chartered auditors, and the Annual Report on Internal Audits for 2009;
- took note of the Supervisory Board's report on the examination of both Annual Reports for 2009 and its opinion on the Annual Internal Audit Report by the Internal Audit Department of Zavarovalnica Triglav for 2009;
- passed a resolution deciding that the distribution of accumulated profit shall be determined in the following years;
- passed a resolution granting discharge to the Management and Supervisory Board for the 2009 business year;
- appointed the audit firm KPMG Slovenija, podjetje za revidiranje d.o.o. as the auditors of Zavarovalnica Triglav for 2010;
- approved the amendments to the Articles and Memorandum of Association; and
- appointed Vladimir Uršič, as a representative of shareholders, an alternate member of the Supervisory Board.

The General Meeting of Shareholders approved two amendments to the Articles and Memorandum of Association on Management Board remuneration, described in detail under 4.3.2.3 Introducing the Management Board, and an amendment allowing accumulated profits to be allocated to reserves from profit, which may not be paid to the shareholders or other persons according to the resolution on the distribution of accumulated profit in line with the procedure laid down by the law. The General Meeting of Shareholders also passed a resolution to delete the English name of the Company from the Articles and Memorandum of Association.

### **3.3.2 Management Board**

Any person fulfilling the requirements stipulated by the Insurance Act and the Companies Act can be appointed to the Management Board as its President or member. The Management Board of Zavarovalnica Triglav manages the company independently and at its own responsibility, and presents and represents the Company without limitations. In legal transactions, the insurance company is always jointly presented and represented by two members of the Management Board, one of whom must be its President.

#### **3.3.2.1 Composition and appointment of the Management Board**

According to the Articles and Memorandum of Association, the Management Board has no less than three and no more than six members, of whom one is the President. The Management Board is appointed by the Supervisory Board. The number of Management Board members, their competences, the manner of representation and presentation and the transfer of the Management Board's authorities are determined by the Supervisory Board in the Management Board Rules. The term of office of an individual Management Board is up to five years, with the possibility of the reappointment of its members. In Zavarovalnica Triglav, the employee representative is a member of the Management Board.

The appointment or recall of all members or an individual member is proposed to the Supervisory Board by the President of the Management Board. The Supervisory Board may recall a member of the Management Board or its President if it establishes that they have been in serious breach of obligations set out by primary and secondary legislation and in other circumstances set out by law.

### **3.3.2.2 Management Board competence to increase the share capital**

In accordance with the Company's Articles and Memorandum of Association, the Management Board is authorised to increase the share capital of Zavarovalnica Triglav by up to 15.00% of the share capital at the time of adoption of the amendments to the Articles and Memorandum of Association regarding the authorised capital. The authorisation is valid until 25 April 2013. The share capital can be increased by no more than EUR 3,555,208.77 by issuing new shares for cash. The issuing of new shares, the amount of capital increases, 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.

### **3.3.2.3 Introducing the Management Board**

In 2010, the Management Board of Zavarovalnica Triglav was made up of the following members:

#### **President of the Management Board – Matjaž Rakovec**

- Born 1964. Bachelor of Science in Economics.
- Having previous experience in sales and marketing, he was first employed in Zavarovalnica Triglav in 1995 as Head of Insurance Sales in the largest branch office - Ljubljana. In 1996, he became the branch office Assistant to the CEO and remained in that post until 2005. Matjaž Rakovec continued his professional career as CEO of Studio Moderna d.o.o. and advisor to the Management Board in Poslovni sistem Mercator. He became CEO of the Ljubljana branch office in 2006 and was appointed President of the Management Board of Zavarovalnica Triglav in 2009.
- Matjaž Rakovec took office on 15 October 2009.

#### **Management Board Member - Andrej Slapar**

- Born 1972. Bachelor of Laws.
- Andrej Slapar was first employed in Zavarovalnica Triglav in 1997 as a lawyer in the Department of International Claims and Insurance Law. From 1999 to 2009, he continued his professional career in Pozavarovalnica Triglav Re as Head of the Car, Transport, Liability and Personal Insurance Division and Assistant to the President of the Management Board for reinsurance.
- Andrej Slapar took office on 10 November 2009.

#### **Member of the Management Board - Igor Stebernak**

- Born 1968. Bachelor of Electrical Engineering, Master of Business Administration.
- Igor Stebernak was first employed in Zavarovalnica Triglav in 2004 as Head of the Strategic Planning and Controlling Department. He began working in the area of strategic planning, market analyses and operation streamlining in 1994 in the company ITEO d.o.o. Stebernak was later employed as Head of the Controlling Department and Deputy Executive Director of the Finance Department in SKB Banka d.d., a member of the Société Générale Group.
- Igor Stebernak took office on 19 November 2009.

#### **Member of the Management Board, Employee Representative - Vladimir Mišo Čeplak**

- Born 1957. Bachelor of Arts in Sociology and Bachelor of Arts in Journalism, Master of Science in Economics.
- Vladimir Mišo Čeplak was first employed in Zavarovalnica Triglav in 1995 as Head of Personal Insurance Sales. Previously, he had been a member of the management in the company Alpina Žiri. Until 2003, when he became a member of the Management Board as the employee representative, Vladimir Mišo Čeplak had been in charge of the Personal Insurance Sales Division. As a member of the Management Board and employee representative, Čeplak was responsible for non-life insurance marketing, personal insurance marketing, personnel affairs and the Quality Management System from 2005 to 2009. In 2009, he was appointed President of the Management Board of Zavarovalnica Triglav.
- Vladimir Mišo Čeplak took office on 15 October 2009.

Data on earnings of the Management Board members are disclosed in Chapter 8.2 of the financial report.

At its session in 2010, the General Meeting of Shareholders adopted two resolutions amending the Articles and Memorandum of Association of Zavarovalnica Triglav regarding the remuneration of the Management Board. The amendments to the Articles and Memorandum of Association were the following:

- The President and members of the Management Board may not participate in profit sharing schemes, unless otherwise stipulated by the Financial Participation Act.
- Accumulated profits may be used for remuneration of the Management Board to be paid to its members, but should not exceed, in total, 10% of the net profit posted, if permitted by the applicable legislation.

Membership of the Management Board members of Zavarovalnica Triglav in the Supervisory Boards or Management Boards of other companies as at 31 March 2011:

NAME	MEMBERSHIP IN THE SUPERVISORY (MANAGEMENT) BOARDS OF OTHER COMPANIES
<b>Matjaž Rakovec</b> President of the Management Board	<ul style="list-style-type: none"> <li>• Lovćen Osiguranje a.d.</li> <li>• Triglav BH Osiguranje d.d.</li> <li>• Pool za zavarovanje in pozavarovanje jedrskih nevarnosti GIZ</li> <li>• Krka d.d.</li> <li>• Triglav INT d.d.</li> </ul>
<b>Andrej Slapar</b> Member of the Management Board	<ul style="list-style-type: none"> <li>• Triglav Pojišt'ovna a.s.</li> <li>• Pozavarovalnica Triglav Re d.d.</li> <li>• Vardar Osiguruvanje a.d.</li> <li>• Triglav BH Osiguranje d.d.</li> <li>• Triglav INT d.d.</li> </ul>
<b>Igor Stebernak</b> Member of the Management Board	<ul style="list-style-type: none"> <li>• Vardar Osiguruvanje a.d.</li> <li>• Triglav, Zdravstvena zavarovalnica d.d.</li> <li>• Triglav, družba za upravljanje d.o.o.</li> <li>• Triglav Kopaonik a.d.o.</li> <li>• Triglav INT d.d.</li> </ul>
<b>Vladimir Mišo Čeplak</b> Member of the Management Board, Employee Representative	<ul style="list-style-type: none"> <li>• Triglav, Zdravstvena zavarovalnica d.d.</li> <li>• Abanka Vipa d.d.</li> </ul>

### 3.3.2.4 Functioning and powers of the Management Board

- Work areas of the Management Board members as at 31 December 2010:

The **President of the Management Board, Matjaž Rakovec**, manages and directs the work of the Management Board and of the headquarters departments (Management Board Office, Legal Office, Internal Audit Department, Risk Management Department, Marketing and Corporate Communications Department). He is in charge of the following departments: Development and Actuary Affairs for Life Insurance, Project Office and Bancassurance, Personal Insurance Sales, Personal Insurance, Information Technology, Work Processes and Organisation.

**Andrej Slapar, member of the Management Board**, is responsible for the Non-Life Insurance Sales Division, the Underwriting and Non-Life Insurance Product Development Division and the Non-Life Insurance Loss Division, as well as for the Development and Actuary Affairs for Non-Life Insurance Department, the Prevention, Detection and Investigation of Fraud Department and the Client Relationship Department.

**Igor Stebernak, member of the Management Board**, is responsible for the Finance and Accounting Division, the Strategic Planning and Controlling Department at the headquarters, and for the work of the divisions Management of Subsidiaries and Legal Affairs .

**Vladimir Mišo Čeplak, member of the Management Board, employee representative**, is responsible for the Human Resources Management Division, other than personnel affairs relating to senior management, the Organisation and Standardisation Department and the Quality Management System of the Work Processes and Organisation Division.

### 3.3.3 Supervisory Board

The nine members of the Supervisory Board, of whom six are representatives of the shareholders and three are representatives of employees, supervise 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 of Zavarovalnica Triglav. Their appointment or recall is made in accordance with the law and the Articles and Memorandum of Association. The Supervisory Board elects its Chairman and Vice Chairman from among its members representing shareholders. Members of the Supervisory Board are given a four-year mandate and can be re-elected without limitation.

The General Meeting of Shareholders may recall a Supervisory Board member before the end of their term of office. To substitute for the member deprived of their office, the General Meeting of Shareholders elects a new member with a term of office lasting until the end of the term of office of the Supervisory Board.

#### 3.3.3.1 Competences of the Supervisory Board

The competences and decision making rules of the Supervisory Board, its method and organisation of work and other issues relevant for its functioning are set out by law, the Articles and Memorandum of Association of Zavarovalnica Triglav and the Rules of Procedure of the Supervisory Board. Besides the competences set out in the Companies Act and the Insurance Act, the Supervisory Board gives 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 stakes in foreign or domestic companies;

- the issue of debt securities and long-term borrowing from domestic or foreign banks; and
- the acquisition, sale of, or investment in investment property.

The Rules of Procedure of the Supervisory Board are available on the website of Zavarovalnica Triglav at <http://www.triglav.si>, on page: "Investor Relations" under Corporate Governance. In accordance with the law and the provisions of the Rules of Procedure, the Supervisory Board shall have at least one meeting per quarter, or more if necessary.

### 3.3.3.1 Supervisory Board in 2010

The Supervisory Board of Zavarovalnica Triglav began its term of office on 7 April 2009 for a period of four years until 7 April 2013. Because the term of office of the Supervisory Board member Mirko Miklavčič ended on 25 September 2009, the General Meeting of Shareholders appointed Vladimir Uršič an alternate member of the Supervisory Board as a shareholder representative, with a term of office starting on the date of appointment and ending on 7 April 2013.

#### *Composition of the Supervisory Board as at 31 March 2011*

Name	Education	Employed in	Membership in Supervisory Boards of other companies
<b>SHAREHOLDER REPRESENTATIVES</b>			
<b>Borut Jamnik</b> Chairman	Bachelor of Engineering - Mathematics	Kapitalska družba d.d., President of the Management Board	<ul style="list-style-type: none"> <li>• President of the Management Board, PDP d.d.</li> </ul>
<b>Uroš Slavinec</b> Member	Bachelor of Science in Economics	Helios d.d., President of the Management Board	<ul style="list-style-type: none"> <li>• Gorenje d.d., Chairman of the Supervisory Board</li> </ul>
<b>Anton Ribnikar</b> Member	Bachelor of Laws	Until 30 June 2010 – Head of Legal and Compliance Office and Procurator at Nova Ljubljanska Banka d.d.; From 1 July 2010 - NLB Montenegrobanka, Executive Director	<ul style="list-style-type: none"> <li>• SIB banka d.d., in liquidation</li> <li>• Skupna pokojninska družba d.d.</li> </ul>
<b>Igor Mihajlovič</b> Member	Bachelor of Mechanical Engineering	STD d.o.o., Consultant to the CEO	<ul style="list-style-type: none"> <li>• TKK Srpenica d.d., Member of the Supervisory Board</li> <li>• DUF Eurofond Euroinvestment d.d., Tuzla, Member of the Supervisory Board</li> <li>• Argonos d.o.o., Member of the</li> </ul>
<b>Aljoša Valentinčič</b> Member	PhD in Business Administration	Faculty of Economics in Ljubljana, Assistant Professor at the Academic Unit for Money and Finance	/
<b>Vladimir Uršič</b> Member	Bachelor of Laws	Retiree	/
<b>EMPLOYEE REPRESENTATIVES</b>			
<b>Branko Gorjan,</b> Member	Business Technician	Zavarovalnica Triglav d.d.	/
<b>Peter Celar,</b> Member	Bachelor of Science in Economics	Zavarovalnica Triglav d.d.	/

Name	Education	Employed in	Membership in Supervisory Boards of other companies
Boris Gabor, Member	Bachelor of Mechanical Engineering	Zavarovalnica Triglav d.d.	/

On 30 March 2010, the Supervisory Board approved the amendments and supplements to the Rules of Procedure of the Supervisory Board.

The members of the Supervisory Board signed the Statement of Independence and Loyalty, thereby undertaking to adhere to the principles of independence stated in point C.3 of the Annex to the Corporate Governance Code. The Statement is published on the website [www.triglav.si](http://www.triglav.si) in the Investor Relations section.

Data on earnings of the Supervisory Board members are disclosed in Chapter 8.2 of the financial report.

For details on the activities of the Supervisory Board see the Supervisory Board Report.

### 3.3.3.3 Composition of Supervisory Board committees and their activities in 2010

Supervisory Board committees prepare proposals for resolutions of the Supervisory Board, assure their implementation and carry out other professional tasks. In 2010, the Supervisory Board had two committees, the Audit Committee and the Appointments and Compensation Committee. On 10 February 2011, the Strategy Committee was established.

#### Audit Committee

The duties and competences of the Audit Committee are set out in the Companies Act, the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions. They include:

- monitoring the financial reporting process;
- monitoring internal control systems, reports and recommendations of the Internal Audit Department;
- monitoring risk management systems and the mandatory audit of annual and consolidated accounting statements;
- proposing to the Supervisory Board the candidate for the auditor of the annual report of the Company;
- evaluation of the drawing up of the annual report, including drafting the proposal for the Supervisory Board;
- help in identifying the most important audit areas.

In 2010, the Audit Committee was made up of the following members: Uroš Slavinec as Chairman, and Aljoša Valentinčič, Anton Ribnikar, Branko Gorjan and Barbara Nose (outsourced independent expert) as members.

#### Appointments and Compensation Committee

The duties and competences of the Appointments and Compensation Committee, set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions, include:

- drawing up proposals for the Supervisory Board regarding the criteria for membership in the Management Board;
- drawing up proposals regarding the policy for remuneration, compensation and other benefits of the Management Board members.



In 2010, the Compensation and Appointments Committee had the following composition: Borut Jamnik as Chairman, Igor Mihajlović and Boris Gabor as members and Srečo Jadek as outsourced independent expert.

### Strategy Committee

At its meeting on 20 February 2011, the Supervisory Board established a Strategy Committee in the following composition: Borut Jamnik as Chairman and Igor Mihajlović and Peter Celar as members. The duties and competences of the Strategy Committee are set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board's resolutions. Its tasks include: monitoring of the Triglav Group Strategy implementation and any related opinions, drafting resolutions for the Supervisory Board and ensuring their realisation.

### 3.4 Management of subsidiaries

The fundamental principles and management regulation of Zavarovalnica Triglav's subsidiaries are set out in the Subsidiary Management Policy, Rules of the Subsidiary Management Committee and Rules for Employees Working Abroad.

The management of the Triglav Group is based on the predominant unification of rules and procedures in individual divisions of the subsidiaries. Management and control of subsidiaries is actively run by all business divisions of the parent company, which act as the pillars of standardisation and harmonisation of the operations in subsidiaries with the standards of Zavarovalnica Triglav. Our goal is the unification of minimum standards throughout the Triglav Group.

In 2010, Zavarovalnica Triglav established a new subsidiary, Triglav INT d.d., to which it intends to transfer ownership shares in Triglav Group subsidiaries outside Slovenia.

The composition of management bodies in the subsidiaries as at 31 March 2011

SUBSIDIARY	MANAGEMENT	SUPERVISORY FUNCTION
<b>SLOVENIA</b>		
<b>Pozavarovalnica Triglav Re d.d., Ljubljana</b>	Gojko Kavčič - President, Gregor Stražar, Tomaž Rotar	<b>Supervisory Board:</b> Andrej Slapar - Chairman, Aleksandra Vukovič Kačar, Nadja Pivk
<b>Triglav, Zdravstvena zavarovalnica d.d., Koper</b>	Simon Vidmar - President, Ivan Gracar	<b>Supervisory Board:</b> Boštjan Vovk - Chairman, Tadej Čoroli, Igor Stebernak, Vladimir Mišo Čeplak, Robert Kavčič, Mateja Jaklin
<b>Triglav DZU d.o.o., Ljubljana</b>	Igor Kušar - President, Samo Javornik, Miloš Čas	<b>Supervisory Board:</b> Igor Stebernak - Chairman, Uroš Ivanc, Boštjan Vovk
<b>Triglav Naložbe, finančna družba d.d., Ljubljana</b>	Stojan Nikolič, Kristina Rovšek	<b>Supervisory Board:</b> Aleksandra Vukovič Kačar - Chairwoman, Simona Kozjek, Tomaž Žust
<b>TRI - PRO d.o.o., Domžale</b>	Edvard Kranjčič - CEO	

SUBSIDIARY	MANAGEMENT	SUPERVISORY FUNCTION
	Tadej Čoroli - Procurator	
Triglav INT, holdinška družba d.d., Ljubljana	Tina Cvar – Executive Director <b>Management Board:</b> Igor Stebernak - President, Matjaž Rakovec, Andrej Slapar, Boštjan Vovk	
AS Triglav-servis in trgovina d.o.o., Ljubljana	Anton Vatovec - CEO	<b>Supervisory Board:</b> Stanislav Vrtunski - Chairman, Blaž Jakič, Iztok Šekoranja
Triglav nepremičnine, upravljanje in svetovanje d.d., Ljubljana	Mitja Križaj - President of the Management Board Ana Stradar Igljič	<b>Supervisory Board:</b> Rok Pivk - Chairman, Dejan Jasnić, Mirjana Koporčič Veljič
Slovenijales d.d., Ljubljana	Goran Čelesnik – General Manager	<b>Supervisory Board:</b> Uroš Ivanc - Chairman, Aleksandra Vukovič Kačar, Janka Planinc, Dušan Mežnar, Marko Pahor
Gradis IPGI d.d., Ljubljana	Aleš Vahčič - CEO, Robert Špehar - Procurator, Mitja Križaj - Procurator	<b>Supervisory Board:</b> Miha Grilec - Chairman, Rok Pivk, Kristina Rovšek
Hotel Grad Podvin d.d., Radovljica	Jaka Binter - CEO	<b>Supervisory Board:</b> Mateja Živec - Chairwoman, Ana Stradar Igljič
PHS Center Števarje d.o.o., Škofja Loka	Milena Hartman - CEO	
THP KRONA d.o.o., Škofja Loka	Milena Hartman - CEO	
<b>CROATIA</b>		
Triglav Osiguranje d.d., Zagreb	Marin Matijaca - President, Vanja Nadali, Igor Bratina	<b>Supervisory Board:</b> Boštjan Vovk - Chairman, Jože Obersnel, Tomaž Žust, Stanislav Vrtunski, Željko Duralija
<b>CZECH REPUBLIC</b>		
Triglav Pojišt'ovna a.s., Brno	Petr Bany - General Manager Petr Mikulenka	<b>Supervisory Board:</b> Andrej Slapar - Chairman, Jože Obersnel, Šarka Vodičkova
<b>MONTENEGRO</b>		
Lovćen Osiguranje a.d., Podgorica	Radenko Purić - CEO	<b>Board of Directors:</b> Matjaž Rakovec - Chairman, Boštjan Vovk, Uroš Ivanc
<b>BOSNIA AND HERZEGOVINA</b>		
Triglav BH Osiguranje.d.d., Sarajevo	Feisal Hrustanović - CEO, Edib Galijatović	<b>Supervisory Board:</b> Matjaž Rakovec - Chairman, Andrej Slapar, Bakir Pilav
Triglav Krajina Kopaonik a.d.o., Banja Luka	Matej Žlajpah - CEO	<b>Management Board:</b> Andrej Knap - President, Jože Obersnel, Zoran Nikolić

SUBSIDIARY	MANAGEMENT	SUPERVISORY FUNCTION
<b>SERBIA</b>		
Triglav Kopaonik a.d.o.	Predrag Bobera - General Manager Ian Harrocks - Procurator <b>Management Board:</b> Igor Stebernak - President, Boštjan Vovk, Jože Obersnel	<b>Supervisory Board:</b> Uroš Ivanc - Chairman, Rudi Lipovec, Drago Ljubojević
Triglav,penzijski fondovi a.d.	Vojko Saksida - CEO	<b>Management Board:</b> Miroslav Matijašević – Chairman, Predrag Bobera, Miloš Čas
<b>FORMER YUGOSLAV REPUBLIC OF MACEDONIA</b>		
Vardar Osiguranje a.d., Skopje	Trajče Latinovski – executive member of the Board of Directors - General Manager	<b>Board of Directors:</b> Igor Stebernak - Chairman, Aleksandra Vuković Kačar, Andrej Slapar, Uroš Ivanc

### 3.5 Internal and external audit

On 28 June 2010, the General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm KPMG Slovenija, podjetje za revidiranje d.o.o. as the auditors for 2010.

The report on the work of the Internal Audit Department is part of the section on risk management.

### 3.6 Main characteristics of the internal control and risk management system

Zavarovalnica Triglav is subject to the Companies Act provisions as well as to the special provisions of the Insurance Act, which regulates and lays down the obligation of insurance companies to establish and maintain an internal control and risk management system. Secondary legislation in this field is issued by the Insurance Supervision Agency. The Company is always in compliance with the applicable regulations.

The same applies to other insurance companies, subsidiaries of the Triglav Group in Slovenia and abroad. In compliance with the legal provisions and legislation of individual countries, these subsidiaries guarantee the adequate quality of the internal control and risk management system.

Zavarovalnica Triglav ensures the coherence of its operations with strategic objectives by maintaining and upgrading a reliable risk management system, proper accounting activities and internal and external financial-accounting reporting. Internal controls have been set up in all processes, organisational units and organisational levels of Zavarovalnica Triglav. They include:

- a clear organisational structure with a precisely defined and transparent system of authorities and competences;
- efficient procedures for the identification, evaluation, management and monitoring of risks the insurance company is or may be exposed to in the course of its operation;
- an adequate internal control system which includes appropriate administrative and accounting procedures (reporting, working procedures, risk exposure limits and physical controls).

In compliance with the legislation, Zavarovalnica Triglav maintains a special Internal Audit Department, which runs efficiency checks on the internal control system, offers upgrade proposals and reports regularly to the Management Board, Audit Committee and Supervisory Board (for more details see the section on risk management).

### **3.7 Clarifications concerning the takeover legislation**

In accordance with the provisions of the Takeover Act (Official Gazette of the RS No. 79/06, No. 1/08 and No. 68/08, ZPre-1) Zavarovalnica Triglav is subject to the provisions of this Act.

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 which would grant their holders special control rights are described in detail in the section on Share capital and shareholders of Zavarovalnica Triglav d.d.

For information on owners of qualified holdings according to the Takeover Act see 4.3.1 General Meeting of Shareholders.

#### **3.7.1 Disclosure of possible agreements or authorisations regarding shares or voting rights**

Zavarovalnica Triglav is not aware of any agreements among shareholders which could cause a restriction on the transfer of shares or voting rights.

The Management Board of Zavarovalnica Triglav is not authorised to buy its own shares. The Management Board's competence to increase the share capital is described under 4.3.2.2. The Company's Management Board - with the consent of the Supervisory Board - is authorised to decide on issuing new shares, the amount of capital increases, the rights related to new shares and the conditions for issuing new shares.

Zavarovalnica Triglav has no employee share scheme.

The Company is not aware of any agreements which would become effective, change or expire on the basis of a changed control of the company as a consequence of an offer as defined by the law regulating takeovers.

Zavarovalnica Triglav has not entered into any agreements with members of its management or supervisory bodies or employees which would provide for remuneration if an offer as defined by the law regulating takeovers caused them to resign, be dismissed without justified grounds or caused their employment to be terminated.