

## **Position regarding the Corporate Governance Code for Companies with State Capital Investments and regarding the Recommendations of the Manager of Indirect and Direct State Capital Investments**

In this statement, Zavarovalnica Triglav, d.d. takes a position regarding the Corporate Governance Code for Companies with State Capital Investments (adopted on 15 May 2013) and the Recommendations of the Manager of Indirect and Direct State Capital Investments (adopted on 12 April 2013), issued by Slovenska odškodninska družba and accessible at <http://www.so-druzba.si>.

Zavarovalnica Triglav, d.d. justifiably deviates from the provisions of the Corporate Governance Code for Companies with State Capital Investments and the Recommendations of the Manager of Indirect and Direct State Capital Investments, as follows:

1. Corporate Governance Code for Companies with State Capital Investments (hereinafter: the Code):
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As a joint stock company listed on the prime market of the Ljubljana Stock Exchange, Zavarovalnica Triglav, d.d. is obliged to apply the Corporate Governance Code for Joint Stock Companies to the greatest extent possible, based on the Rules of the Ljubljana Stock Exchange and Recommendations on Notification for Joint Stock Companies. It must also comply *mutatis mutandis* and in terms of content with the provisions of the Corporate Governance Code for Companies with State Capital Investments. Notwithstanding the aforementioned, this statement includes Zavarovalnica Triglav, d.d.'s positions regarding the Code.

- Point 70.

There is no external expert on the Appointments and Remuneration Committee. External experts are included on the Appointments and Remuneration Committee as necessary.

- Point 87.

The General Meeting of Shareholders has not adopted a remuneration policy. Zavarovalnica Triglav, d.d. briefs the General Meeting of Shareholders on rules regarding the definition of other rights of the Management Board in accordance with valid legislation.

2. Recommendations of the Manager of Indirect and Direct State Capital Investments
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- Recommendation 4: Work of the Audit Committee

Zavarovalnica Triglav, d.d. deviates in part from this recommendation, as more sessions were held than set out in the recommendation.

- Recommendation 5: Three-year business planning by a company/group  
 Zavarovalnica Triglav, d.d. deviates in part from this recommendation, as its business plans are treated as trade secrets and their disclosure could have negative consequences for the company. A brief summary of the annual business plan and strategy of the Triglav Group is published.
  
- Recommendation 6: Quarterly reporting on the performance of a company/group  
 Zavarovalnica Triglav, d.d. deviates in part from this recommendation, as it compiles its reports and reports on performance in accordance with the valid legislation to which it is bound as a joint stock company whose shares are listed on the prime market of the Ljubljana Stock Exchange.
  
- Recommendation 7: Transparency of procedures of making business deals involving company expenditure (ordering goods and services, donations and sponsorship)
  - With regard to its sponsorship and donation activities, Zavarovalnica Triglav, d.d. introduced a re-engineered process for handling requests for sponsorship and donations, such that funds for the aforementioned purposes are allocated via public tenders, taking into account the recommendation of balance and sufficient diversification and the principle of social responsibility. Schedules of tenders for the current year are published on the Company's website at the beginning of the year. The Company also publishes each individual tender (tender documentation) on its website. Following the conclusion of a tender, it publishes the identification numbers of applicants (only the IDs received when an application is submitted) who receive funds in a specific tender.
  
  - Through an appropriate procurement process governed by several internal acts, Zavarovalnica Triglav, d.d. ensures the transparent, efficient and competitive conclusion of business deals involving the Company's expenditure, and appropriate control exercised by the Internal Audit Department.
  
  - The public tender procedure is not carried out with the aim of reducing the number of competitive advantages the insurance company gains through the purchase of goods and services, extending the time required for procurement, additional human resources for carrying out the process or the possible disclosure of trade secrets.
  
  - The values of transactions and the amount of allocated sponsorship funds are not published because the aforementioned data represent trade secrets of the Company in accordance with internal acts, contractual provisions and valid legislation. Such disclosure could potentially harm the insurance company's competitive position.
  
- Recommendation 8: Optimisation of labour costs in 2013 and 2014  
 Zavarovalnica Triglav, d.d. complies with the recommendation, except in the part that relates to the publication of the Company's entire collective agreement, as this would entail

disclosing remuneration models (e.g. for insurance agents) to the general public and the competition.

- Recommendation 10: Company code of ethics

The Code of Good Business Practice of Zavarovalnica Triglav, d.d. is published on the Company's website and deviates only minimally from this recommendation. The code includes all content prescribed by SOD in the aforementioned recommendation and certain additional content that is not prescribed by SOD. Certain content from SOD's recommendation are addressed in detail in the code, others more generally, as they are addressed in greater detail in the Company's other internal acts (e.g. the prevention of conflicts of interest, communication, the prevention of money laundering and terrorist financing and the protection of personal data).

- Recommendation 11: Achieving quality and excellence in the operations of a company/group

Zavarovalnica Triglav, d.d. has not carried out a self-assessment according to the European EFQM Excellence Model. However, a business process management system is being implemented. This includes the definition of process indicators that will serve as the basis for monitoring and measuring process efficiency. The Company also has a promotion system, and ensures the health and safety of its employees through the quarterly monitoring of absenteeism, employee turnover and the number of workplace accidents. With regard to sustainable operations and social responsibility, Zavarovalnica Triglav takes into account the guidelines set out in ISO 26000 recommendations, and reports in accordance with the international Global Reporting Initiative (GRI) standards.

- Recommendation 12: General meeting of the Company

Zavarovalnica Triglav, d.d. deviates slightly from this recommendation, but complies in full with the provisions of valid legislation and the Corporate Governance Code for Joint Stock Companies in its conduct.

Ljubljana, 8th April 2014

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