

In the statement for the business year 2018, Zavarovalnica Triglav, d.d., gives its position on the Corporate Governance Code for state owned enterprises, adopted in May 2017, and the Recommendations and Expectations of the Slovenian Sovereign Holding, adopted in March 2018, published by the Slovenian Sovereign Holding. They are accessible at www.sdh.si.

Zavarovalnica Triglav, d.d., justifiably diverges from the Corporate Governance Code for state owned enterprises and the Recommendations and Expectations of the Slovenian Sovereign Holding in the following provisions:

1. Corporate Governance Code for state owned enterprises (hereinafter »the Code«)

The Slovene 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 Guidelines on disclosure for listed companies, 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.

- Point 6.13.2

Zavarovalnica Triglav, d.d., partially diverges from the Code, since the company convened more regular meetings of the Audit Committee than arising from the recommendation.

- Point 6.15.1

The Chairman of the Supervisory Board is the Chairman of the Appointment and Remuneration Committee. In order to facilitate coordination and implementation of procedures, it is reasonable that the Chairman of the Supervisory Board is also the Chairman of the said committee.

- Point 8.3

Zavarovalnica Triglav, d.d., partially diverges from the Code, since it does not disclose earnings 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 personal data protection, Zavarovalnica Triglav, d.d., does not disclose earnings from the employment of members of the Supervisory Board, who are employee representatives.

- Point 10.1

The Triglav Group Code was adopted by all insurance and financial companies of the Triglav Group. The Triglav Group Code reasonably comprises all elements predicted by the Code, while certain contents, specific for the insurance and financial industry, in which the Triglav Group companies operate, are governed and

adapted accordingly. Certain provisions laid down by the Code are governed in more detail in subordinate acts of the Triglav Group, on the basis of general provisions of the Triglav Group Code.

▪ Point 10.2

Zavarovalnica Triglav, d.d., is the signatory of Slovene Guidelines for Corporate Integrity. The business compliance system, which is based on these guidelines, is regularly updated by the insurance company by incorporating the latest best practices from the insurance and finance sector. In addition to the Triglav Group Code, as the fundamental internal act in this area, the insurance company maintains a robust corporate integrity assurance system, which among other things includes internal acts and processes in the area of prevention of corruption, conflicts of interest, internal frauds and procedures for handling such non-compliance. The insurance company dedicates special attention to protecting informants against retaliatory measures and to handling anonymous reports. The activities for ensuring corporate identity are supported by regular and in-depth education of employees, conscientious and up-to-date information of management and supervisory bodies about identified (potential) compliance and ethics risks and measures for their management. The corporate identity commissioner is responsible for ensuring corporate identity at an overarching level, on the basis of the resolution of the Management Board. The advisory role regarding the issues of corporate identity is performed by the Compliance and Ethics Committee.

2. Recommendations and Expectations of the Slovenian Sovereign Holding

- Recommendation 1: Three-year business plan of the company/Group/Group subsidiaries

1.1

Zavarovalnica Triglav, d.d., does not comply with the recommendation regarding the provision of draft business plans and partially diverges from the recommendation regarding the provision of the final version of adopted business plans. Zavarovalnica Triglav, d.d., as a public limited company with stocks on the First Listing of the Ljubljana Stock Exchange, is required to report in accordance with the law and recommendations of the Stock Exchange, and in this context is committed to the equal treatment of all its shareholders. In accordance with the recommendation 1.9, the company treats the whole content of drafts and adopted business plans as confidential business information, does not provide them to SSH, and publishes summary of the business plan of the Triglav Group for the future year and the summary of the Triglav Group strategy in a transparent way.

1.2

Zavarovalnica Triglav, d.d., partially diverges from the recommendation 1.2 regarding the making and provision of drafts and adopted business plans to SSH. As explained in the deviation from the recommendation 1.1, Zavarovalnica Triglav, d.d., does not forward any draft business plans of the parent company or the Triglav Group or selected Triglav Group subsidiaries to SSH.

1.3

Zavarovalnica Triglav, d.d., diverges from the recommendation 1.3 regarding the provision of draft business plans to SSH, as explained in more detail in the deviation from recommendations 1.1 and 1.2.

1.4

In accordance with the recommendation 1.9 and, as explained in the deviation from the recommendation 1.1, Zavarovalnica Triglav, d.d., diverges from the period of plans and the time limit for

the provision to SSH. A publicly posted summary of the business plan for the future year and the Triglav Group strategy contain the information for the annual period, more specifically, for the next year and for the strategic period. Zavarovalnica Triglav, d.d., discloses business plans in accordance with the domestic legislation, legislation at the EU level and the established domestic and international practice of publicly traded companies.

1.5

Zavarovalnica Triglav, d.d., partially diverges from the recommendation 1.5 regarding the provision of the whole business plan to SSH. As already explained in the deviation from the recommendation 1.1, the company informs SSH about the summary of the business plan of the Triglav Group in the content, as disclosed to the public.

1.6

Zavarovalnica Triglav, d.d., partially diverges from the recommendation 1.6 regarding the content of the information provided to SSH. As already explained in the deviation from the recommendation 1.1, the company provides information to SSH to the extent as disclosed to the public.

1.7

Zavarovalnica Triglav, d.d., diverges from the recommendation 1.7, which recommends the content of draft business plans. As already explained in the deviation from the recommendations 1.1 and 1.3, the company does not inform SSH about the content of draft business plans.

1.8

In accordance with the recommendation 1.9 and as explained in the deviation from the recommendation 1.1, Zavarovalnica Triglav, d.d., partially diverges from the recommendation 1.8 regarding the scope of disclosure in the publicly published summary of the Triglav Group business plan for the next year. It contains the description of expected circumstances of the operations of the Triglav Group and certain key financial data of the Triglav Group.

- **Recommendation 2: Periodic reporting on the business operations of the company/Group/Group subsidiaries**

2.1

Zavarovalnica Triglav, d.d., diverges from the recommendation regarding monthly periodical reports on business operations. In accordance with the domestic legislation, legislation at the EU level and the established domestic and international practice of publicly traded companies, the company publishes annual reports and interim reports on business operations of the parent company and the Triglav Group in initial three, six and nine months of the year.

2.4

Zavarovalnica Triglav, d.d., publishes reports on business operations simultaneously for the parent company and the Group, with dates of publications available in the financial calendar of the company, which is published publicly in advance. After the publication of every report, the required data is additionally forwarded to SSH in the framework of the publicly published data.

- Recommendation 3: Transparency of procedures for conducting business, which applies to company expenditure (ordering of 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 transparent, economic and competitive business operations in the area of concluding various transactions, which apply to company expenditure, and adequate supervision carried out by internal controls and the Internal Audit Department. All significant procurement procedures are performed through mixed selection boards according to the procedure prescribed in advance.

In relation to sponsorships and donation activities, the company has a comprehensive process of looking into applications submitted through public tenders, while selection boards take into account the principles of balance, objective justification, dispersion and social responsibility based on local specifics and needs as well as practice. At the start of the year, the company website lists the dates for public tenders in the current year, further providing an overview of each individual tender and the necessary documents.

Public notifications are ensured by taking into account the Public Information Access Act. The company does not publicly publish the value of other business transactions, since the data constitute a confidential business information of the company pursuant to internal acts, contractual provisions and the valid legislation, and any such disclosure would potentially harm the competitive position of the insurance company.

- Recommendation 4: Optimisation of costs

Zavarovalnica Triglav, d.d., does not significantly diverge from the recommendation. The company adopts the required measures for optimisation of labour costs. The corporate collective agreement will be observed with regard to the payment of holiday allowance. The amount of extraordinary payments to employees will be determined by taking into account the operating results achieved.

Individual employees cannot be guaranteed any 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. Legal bases and the methodology for determining the amount of each payment constitute a confidential business information.

- Recommendation 5: Achieving quality and excellence of business operation of companies/Group

In 2017, Zavarovalnica Triglav, d. d., carried out the third self-assessment according to the EFQM European excellence model. In the preparation of the documentation for the third self-assessment, the emphasis was on approach and indicator matrices and their connection to the strategy for the 2017-2020 period. In this regard, some identified opportunities were reasonably included into projects, objectives of business functions or strategic matrices of individual business functions. The self-assessment again showed that Zavarovalnica Triglav, d.d., is an organisation with appropriately arranged business processes, which monitors and achieves good results from the aspect of business success, clients, employees and the whole company.

The self-assessment was conducted only for the parent company, while it has not yet been conducted for the Group. The Supervisory Board was briefed on the results of the self-assessment, but not also SSH. The

shareholders and the general public are notified about the self-assessment only within the scope of the Annual report.

- Recommendation 6: General meetings of companies

Zavarovalnica Triglav, d.d., diverges from the recommendation to a minor extent, while it completely observes the provisions of the valid legislation and the Slovenian Corporate Governance Code.

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