



ZAVAROVALNICA TRIGLAV
MIKLOŠIČEVA CESTA 19, 1000 LJUBLJANA

CORPORATE GOVERNMENT STATEMENT

The Corporate Statement below is included in the audit annual report of Zavarovalnica Triglav, d.d. and the Triglav Group for 2014

1. Governance policy

The Management and the Supervisory Boards passed the Governance Policy of Zavarovalnica Triglav, d.d., (hereinafter: Zavarovalnica Triglav) The document was published on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav d.d. (www.triglav.eu).

2. Statement of Compliance with the Corporate Governance Code

In its operations, Zavarovalnica Triglav abides by the Corporate Governance Code (hereinafter: the Code), which was adopted on 8 December 2009 and is published in Slovene and English on the Ljubljana Stock Exchange website (<http://www.ljse.si>).

Zavarovalnica Triglav applies the provisions of the Code. The statement of compliance with the Corporate Governance Code for the period from 1 January 2014 to the day of publication in 2015 was published on SEOnet, the information system of the Ljubljana Stock Exchange, and on the official website of Zavarovalnica Triglav at www.triglav.eu.

Furthermore, the Company conducts business in line with the Insurance Code. The Insurance Code is available on the website of the Slovenian Insurance Association at www.zav-zdruzenje.si.

The Code of Good Business Practices of Zavarovalnica Triglav is available at the above-stated official websites.

Zavarovalnica Triglav took a position on the provisions of the Corporate Governance Code for Companies with State Capital Investments and recommendations and expectations of Slovenski državni holding d.d. (all documents are available on the webpage of Slovenski državni holding d.d. www.sdh.si). The Company's statement on this Code is published on its official website.

3. Management bodies of Zavarovalnica Triglav

Zavarovalnica Triglav is managed and governed according to a two-tier system. The management bodies, i.e. the General Meeting of Shareholders, the Management Board and the Supervisory Board, operate in compliance with primary and secondary legislation, the Articles of Association of the Company, and their own rules of procedure. The Articles of Association are available at www.triglav.eu.

3.1. General Meeting of Shareholders

Shareholders of Zavarovalnica Triglav exercise their rights in respect of 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 law and by the Articles 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 of Association. The Articles 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 at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and a proportional share from the remaining bankruptcy or liquidation estate 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 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, reaching a qualifying holding and the restriction on transfer of shares that would grant their holders special control rights are described in detail in the section 6.1 and 6.2. See the Insurance Act for details.

In accordance with the Financial Instruments Market Act, the following three shareholders own a qualifying holding in Zavarovalnica Triglav:

- 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 2014 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).
- As at 31 December 2014, SDH was the direct holder of 6,386,644 shares or 28.09% of the share capital of Zavarovalnica Triglav, which was 5,916 shares more over 2013.
- Hypo Alpe-Adria Bank d.d., Zagreb (fiduciary account) held 1,373,658 shares or 6.04% of the share capital of Zavarovalnica Triglav, representing an increase of 547,889 shares over the 2013 year-end.

As at the reporting date, Zavarovalnica Triglav had no other shareholders whose holdings exceeded 5.0% of the share capital, nor any issued securities that would grant their holders special control rights.

General Meeting of Shareholders in 2014

The shareholders of Zavarovalnica Triglav had one general meeting in 2014. The 39th General Meeting of Shareholders was held on 10 June 2014. The total number of shares and voting rights represented at the General Meeting of Shareholders was 3,943,230 or 46.78% of all shares to which voting rights are attached.

At the General Meeting of Shareholders, the shareholders:

- took note of the Annual Reports of Zavarovalnica Triglav and the Triglav Group for 2013, including the opinions given by the audit firms, and the Annual Internal Audit Report for 2013;
- took note of the Supervisory Board's report on the examination of both Annual Reports for 2013 and its opinion on the Annual Internal Audit Report by the Internal Audit Department for 2013;
- adopted a resolution on the following distribution of the accumulated profit of EUR 77,826,169.51 as at 31 December 2013:
 - a part of accumulated profit in the amount of EUR 38,649,751.60 shall be allocated for dividend payments amounting to EUR 1.70 gross per share payable to the shareholders appearing in the Share Register two days following the date of the General Meeting of Shareholders. The dividends shall be paid within 30 days of the date this resolution is passed.
 - the distribution of the remaining accumulated profit of EUR 39,176,417.91 shall be decided on in future years;
- passed a resolution granting discharge to the Management Board and the Supervisory Board for the 2013 business year;
- appointed the audit company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors of Zavarovalnica Triglav for the 2014 business year;
- adopted the amendments to the Articles of Association, which include reinsurance. This resolution was adopted subject to two suspensive conditions: that the amended Insurance Act allows insurers to perform reinsurance and that Zavarovalnica Triglav obtains an authorisation from the Insurance Supervision Agency for reinsurance business, should such an authorisation be required by law for the performance of reinsurance. In the event both suspensive conditions are met and the aforementioned resolution enters into force, the General Meeting of Shareholders authorises the Supervisory Board to amend the Articles of Association of Zavarovalnica Triglav accordingly.

At the General Meeting of Shareholders no action of voidness was announced.

On 5 March 2013, Zavarovalnica Triglav was served a Securities Market Agency Decision of 4 March 2013, ordering them to prohibit, as at the day the decision becomes final, the following persons from exercising their voting rights:

- Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana (SDH - currently legal successor), for the rights attached to the shares with the ZVTG ticker symbol held by Zavarovalnica Triglav and the rights attached to the shares, held by Zavod za pokojninsko in invalidsko zavarovanje, Kolodvorska 15, Ljubljana, which are exercised on behalf of and for the account of the latter by SDH;
- HIT Hoteli, igralnice, turizem d.d., Delpinova ulica 7a, Nova Gorica;
- Elektro-Slovenija d.o.o., Hajdrihova ulica 2, Ljubljana;
- D.S.U., družba za svetovanje in upravljanje d.o.o., Dunajska cesta 160, Ljubljana;
- Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor;
- Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana;

until SDH on its own behalf and for its own account or on behalf of and for the account of Zavod za pokojninsko in invalidsko zavarovanje; Hit d.d.; Elektro-Slovenija d.o.o.; Luka Koper d.d.; D.S.U., družba za svetovanje in upravljanje d.o.o.; NOVA KBM d.d. and Telekom Slovenije d.d., jointly or severally, on behalf of and for the account of all, launch a takeover bid for the offeree company Zavarovalnica Triglav d.d., in accordance with the Takeover Act, or until the companies stated hereunder and holding voting rights in the offeree company divest the ZVTG shares so that they neither jointly nor severally no longer reach the takeover threshold.

3.2. Management Board

Any person fulfilling the requirements stipulated by the Insurance Act and the Companies Act may 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 Company is always jointly presented and represented by two members of the Management Board, one of whom must be its President.

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, 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 reappointing 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 their obligations stipulated by primary and secondary legislation and in other circumstances set out by law.

3.2.2. Management Board competence 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 11,055,208.77 through new shares issued for cash contributions within five years of 28 June 2011. The issue 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. Upon a share capital increase, the Supervisory Board is authorised to make amendments to the Company's Articles of Association.

3.2.3. Introducing the Management Board

As at the 2014 year-end, the Management Board of the Company was composed of the following members:

Andrej Slapar, President of the Management Board

- Born in 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 and the Management Board member. Andrej Slapar took his five-year term of office as a Management Board member of Zavarovalnica Triglav on 10 November 2009.
- He was first appointed as President of the Management Board on 22 May 2013 and began a five-year term of office on 11 November 2014.

Benjamin Jošar, member of the Management Board

- Born in 1973. Master of Business Administration.
- He took a position as the Authorised Officer of the Management Board in 2012 with work experience in banking and finance obtained in decision-making and managerial positions. From 2008 to 2009, he was the President of the Management Board of KD borznoposredniška družba. After the transformation into KD Banka, he was positioned first as its Executive Director and later as an Executive Member of the Board of Directors. In the period from 2008 to 2011, he participated in management and supervisory bodies in KD Group subsidiaries. Until July 2012, he served as a substitute member on the Supervisory Board of the Bank Association of Slovenia. In November 2012, Benjamin Jošar became a member of the Management Board.
- His five-year term of office commenced on 2 November 2012.

Uroš Ivanc, member of the Management Board

- Born in 1975. Master of Science in Business Administration. Chartered Financial Analyst (CFA).
- He has been employed in Zavarovalnica Triglav since 2001 as a securities market analyst. He held managerial and executive positions up to 2004, when he became Head of Corporate Finance Department. In December 2005, he was appointed Executive Director of the Finance Division. Between March and August 2008 he was also the General Manager of Slovenijales d.d., and from September 2007 to December 2012 he worked as Portfolio Manager in DUPF Triglav penzija a.d., Belgrade, Serbia. Since 2005 he has served as a member on several supervisory bodies of companies within and outside the Triglav Group.
- His five-year term of office commenced on 14 July 2014.

Tadej Čoroli, member of the Management Board

- Born in 1975. Bachelor of Laws.
- Tadej Čoroli was first employed in Zavarovalnica Triglav in 2001 as Insurance Law Specialist. He gained managerial experience in insurance as the Executive Director of Life Insurance Division and Executive Director of Non-Life Insurance Division. Since 2005, he participated in management and supervisory bodies in the Triglav Group subsidiaries. In addition, he was a Supervisory Body member of Skupna pokojninska družba d.d., Ljubljana. In July 2014, he was appointed a member of the Management Board of Zavarovalnica Triglav.
- His five-year term of office commenced on 29 July 2014.

Marica Makoter, member of the Management Board and employee representative

- Born in 1972. Bachelor of Laws.
- From 1996 to 2000, Makoter was employed at the Kočevje Administrative Unit. After an internship with the Ljubljana Higher Court and after passing the State Legal Exam, she

took employment with Zavarovalnica Triglav in the Novo Mesto Regional Unit in 2001. Ms Makoter was Head of the Subrogation Department in Novo Mesto from 2003 to 2006, and until 2011 the Head of the Legal Claims Department and Deputy Head of the Regional Claim Centre in the Novo Mesto Regional Unit.

- Marica Makoter took her five-year term of office on 21 December 2011.

On 15 May 2014, Stanislav Vrtunski, member of the Management Board of Zavarovalnica Triglav, submitted to the Chairman of the Supervisory Board his final resignation as a member of the Management Board of Zavarovalnica Triglav. At its session on 22 May 2014, the Supervisory Board took note of the resignation of Stanislav Vrtunski, and approved the termination of his term of office. His term of office expired on 14 July 2014.

Data on the earnings of the Management Board members are disclosed in *Section 8.2 under Financial Statements*.

Membership of the Management Board members of Zavarovalnica Triglav in the Supervisory Boards or Management Boards of other companies as at 31 December 2014:

Name and surname	Membership in the Supervisory (Management) Boards of the Companies
Andrej Slapar President of the Management Board	<ul style="list-style-type: none"> ▪ Jedrski Pool GIZ (GIZ Nuclear Pool) ▪ Pozavarovalnica Triglav Re d.d. ▪ Abanka Vipava, d.d.
Benjamin Jošar Member of the Management Board	<ul style="list-style-type: none"> ▪ Lovćen Osiguranje a.d., Podgorica ▪ Triglav Osiguranje d.d., Sarajevo ▪ Triglav INT d.d. ▪ Triglav Skladi d.o.o.
Uroš Ivanc Member of the Management Board	<ul style="list-style-type: none"> ▪ NLB d.d. ▪ Triglav Osiguruvanje a.d., Skopje ▪ Lovćen Osiguranje a.d., Podgorica ▪ Triglav INT d.d. ▪ Skupna pokojninska družba d.d. (resigned on 21 October 2014)
Tadej Čoroli Member of the Management Board	<ul style="list-style-type: none"> ▪ Triglav, Zdravstvena zavarovalnica d.d. ▪ Triglav Osiguranje a.d.o., Belgrade ▪ Triglav INT d.d. ▪ Skupna pokojninska družba d.d. (resigned on 21 October 2014)
Marica Makoter Member of the Management Board, Employee Representative	<ul style="list-style-type: none"> ▪ Triglav Osiguruvanje a.d., Skopje ▪ Triglav INT d.d. ▪ Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti (Everything will be alright – Institute of Zavarovalnica Triglav for corporate social responsibility)

3.2.4. Functioning and powers of the Management Board

As at 31 December 2014, the Management Board members were in charge of the following areas:

The **President of the Management Board Andrej Slapar** manages and directs the work of the Management Board and of the headquarters departments (Management Board Office, Legal Office, Internal Audit Department, Corporate Communication Department), the Life Insurance Development and Actuarial Department, and the Non-Life Insurance Development and Actuarial Department. He is in charge of the Life Insurance Division, the Corporate Accounts Division, senior management staffing, Arbitration, GIZ Nuclear Pool and Supplemental Health Insurance Division.

Benjamin Jošar, member of the Management Board, is at the helm of the Risk Management Department, the Strategic Planning and Controlling Department and the Subsidiary Management Department. He is in charge of Triglav INT d.d.

Uroš Ivanc, member of the Management Board is in charge of the Real Property Management Department, the Accounting Division and the Finance Division.

Tadej Čoroli, member of the Management Board, is responsible for the Client Contact Unit, the Marketing Department and the Non-Life Insurance Division, the Non-Life Insurance Claims Division, the Insurance Sales Division, and the Insurance Marketing and Distribution Division.

Marica Makoter, member of the Management Board, represents workers' interests as an employee representative in compliance with the Worker Participation in Management Act. She manages and directs the Fraud Prevention, Detection and Investigation Department, the Project Office and is responsible for the IT Division and the Back Office Division, Human Resource Management Division (excluding senior management staffing), and Organisation, Business Processes and Technologies Division.

3.3. Supervisory Board

The Supervisory Board, composed of six representatives of the shareholders and three representatives of employees, supervises with full responsibility the conducting of the Company's business.

The former are elected by the General Meeting of Shareholders and the latter by the Works Council. Their appointment and recall are made in accordance with the law and the Memorandum and Articles of Association. The Chairman and Vice-Chairman of the Supervisory Board are elected from among its members representing shareholders. Members of the Supervisory Board are given a four-year mandate and may 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.

3.3.1. 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 Memorandum and Articles of Association of Zavarovalnica Triglav and the Rules of Procedure of the Supervisory Board (available at www.triglav.eu). Besides the competences specified in the Companies Act and the Insurance Act, the Supervisory Board has the competence 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 stakes in foreign or domestic companies;
- the issue of debt securities and long-term borrowing from domestic or foreign banks; or
- the acquisition, sale of, or investment in investment property of Zavarovalnica Triglav.

In accordance with the law and the provisions of its Rules of Procedure, the Supervisory Board holds at least one session per quarter, or more if necessary.

3.3.2. Supervisory Board in 2014

Shareholder representatives began their four-year term of office on the Supervisory Board on 12 June 2013 and employee representatives on 30 May 2011.

At its session on 1 July 2013, the Supervisory Body appointed Matej Runjak its Chairman and Gregor Kastelic as its Vice-Chairman.

Composition of the supervisory Board as at 31 December 2014

Name and surname	Education	Employed in	Membership in Supervisory Boards of other companies
Shareholder representatives			
Matej Runjak Chairman	Bachelor of Science in MBA	Slovenski državni holding d.d. Member of the Management Board	/
Gregor Kastelic Vice Chairman	Bachelor of Science in Administrative Organisation MBA	ING Bank N.V., London Branch, Investment Banking Director	/
Mario Gobbo Member	PhD in Economics	Independent advisor	/
Dubravko Štimac Member	PhD in Economics	PBZ Croatia Osiguranje, d.d., President of the Management Board	Podravka d.d. Zagrebska borza d.d
Rajko Stanković Member	Senior administrative worker	Društvo Mali delničarji Slovenije, Chairman	Žito d.d.
Matija Blažič Member	Bachelor of Science in Administrative Organisation	Retired	Petrol d.d.
Employee representatives			
Branko Gorjan Member	Economics Technician	Zavarovalnica Triglav d.d.	/
Peter Celar Member	Bachelor of Science in Economics	Zavarovalnica Triglav d.d.	/
Miran Krštinc Member	LL.B.	Zavarovalnica Triglav d.d.	/

By signing the Statement of Independence and Loyalty (www.triglav.eu), the members of the Supervisory Board undertook to adhere to the principles of independence laid down in item C3 of the Annex to the Corporate Governance Code.

Data on earnings of the Supervisory Board members are disclosed in *Section 8.2 under Financial Statements*.

3.3.3. Composition of Supervisory Board committees and their activities in 2014

Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other professional tasks. In 2014, the Supervisory Board committees were the following: the Audit Committee, the Appointments and Compensation Committee, the Strategy Committee, whilst the Nominations Committee as ad-hoc committee was not 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 procedure;
- 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;

- evaluating the drafting of the annual report, including a draft proposal for the Supervisory Board;
- participating in specifying important fields of auditing;
- 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;
- examination of decisions on the appointment, dismissal and remuneration of the Head of the Internal Audit Department.

The Audit Committee had the following composition: Mario Gobbo as Chairman, Rajko Stanković and Branko Gorjan as members; and Barbara Nose as outsourced independent expert.

Appointments and Compensation Committee

The main 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:

- 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;
- 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, the evaluation of Supervisory Board's work against the Code of Corporate Governance).

The Compensation and Appointments Committee had the following composition: Matej Runjak, Chairman; and Dubravko Štimac and Miran Krštinc as its members.

Strategy Committee

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 primarily the monitoring of the Triglav Group Strategy implementation and any related opinions, drafting resolutions for the Supervisory Board and ensuring their implementation.

The Strategy Committee was composed of Gregor Kastelic as its Chairman and Mario Gobbo and Peter Celar its members.

Nominations Committee

The Nominations Committee is an ad-hoc committee of the Supervisory Board, established to carry out a nomination procedure for members of the Supervisory Board – shareholder representatives. The Committee sets the selection criteria, unless otherwise stipulated by the Supervisory Board, and submits a candidate nomination proposal for shareholder representatives.

4. Governance and management of subsidiaries

In 2014, the governance and management of the Triglav Group's subsidiaries was thoroughly reorganised, assigning a central role to Triglav INT (hereinafter: TINT). From the establishment of the holding company Triglav INT in 2010 to the beginning of February 2012, Zavarovalnica Triglav transferred its ownership shares in Triglav Group insurance subsidiaries outside Slovenia to Triglav INT. Thus a precondition was fulfilled for the potential entry of a strategic partner, as a key source of fresh capital needed for the further development of insurance business outside Slovenia. Until 2014, TINT was the owner of insurance subsidiaries, which were however managed by the parent company. The Subsidiary Management Department was in charge of corporate governance of subsidiaries, while business management was exercised by different organisational units of the parent company. After the governance of the Triglav Group's as the parent company was reorganised, TINT exclusively took over corporate governance of the insurance subsidiaries outside Slovenia. The new governance method was based on the understanding the fact that other markets of the Triglav Group significantly differ from the Slovene market. Due to their size and market position, the subsidiaries of Zavarovalnica Triglav require a different approach and manner of doing business. The reorganisation of subsidiary corporate governance also involved higher staffing levels in TINT. As at 31 December 2014, TINT had 21 employees, 8 of them seconded in subsidiaries.

The main objectives of TINT are as follows:

- improving the performance of insurance subsidiaries abroad;
- transfer of most governance and management functions from the parent company to TINT, a clearer management structure and centralised management;
- more efficient management of insurance subsidiaries;
- provision of joint services at the TINT level for reducing (fixed) costs of insurance subsidiaries;
- a centralised and enhanced business and strategic planning function in individual insurance subsidiaries;
- faster and simpler flows of information;
- faster and more efficient decision-making with better traceability;
- faster identification of poor performance of a subsidiary and faster and more effective response;
- faster and more efficient identification of deficiencies in the business processes and overall business of operations of insurance subsidiaries;
- more rational and centralised decisions on introducing new business processes in insurance subsidiaries;
- more efficient identification of potential human resources in insurance subsidiaries, more competent and rational decision-making with regard to staff rotation;
- optional specialisation of functions as an added value, tailored to the specifics of markets;
- better access to these functions, centralised in the same organisational unit.

The composition of governance and management bodies as at 31 December 2014

SUBSIDIARY	MANAGEMENT	SUPERVISORY FUNCTION
Slovenia		
Pozavarovalnica Triglav Re d.d., Ljubljana	Gregor Stražar – President, Tomaž Rotar, Stanislav Vrtunski	Supervisory Board: Andrej Slapar – Chairman, Tomaž Žust, Sebastjan Debevc
Triglav, Zdravstvena zavarovalnica d.d., Koper	Meta Berk Skok – President, Simon Vidmar	Supervisory Board: Tadej Čoroli – Chairman,

SUBSIDIARY	MANAGEMENT	SUPERVISORY FUNCTION
		Primož Plantarič, Tomaž Krevatin
Triglav Skladi, družba za upravljanje d.o.o., Ljubljana	Igor Kušar – President, Samo Javornik	Supervisory Board: Benjamin Jošar – Chairman, Simona Kozjek, Meta Berk Skok
Triglav Naložbe, finančna družba d.d., Ljubljana	Kristina Rovšek – Director, Črt Slokan – Authorised Officer	Supervisory Board: Rok Pivk – Chairman, Aleš Vahčič, Polona Petrlje
Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale	Edvard Kranjčič – Director, Tedo Djekanović – Authorised Officer	
Triglav INT, holdinška družba d.d., Ljubljana	David Benedek – CEO, Tedo Djekanović – CEO	Board of Directors: Benjamin Jošar – Chairman, Marica Makoter, Uroš Ivanc, Tadej Čoroli, David Benedek, Tedo Djekanović
Triglav Avtoservis d.o.o., Ljubljana	Edvard Zabukovnik – Director, Boris Kuhelj – Director	Supervisory Board: Stanislav Vrtunski – Chairman, Blaž Jakič, Izток Šekoranja
Slovenijales d.d., Ljubljana	Krešo Šavrič – General Manager	Supervisory Board: Aleksandra Vukovič Kačar – Chairman, Mitja Kepec, Janka Planinc
Triglav, Upravljanje nepremičnin d.d., Ljubljana	Krešo Šavrič – Director, Aleš Vahčič – Authorised Officer, Mitja Selan – Authorised Officer	Supervisory Board: Rok Pivk – Chairman, Ksenja Zajc, Krešo Šavrič – already resigned
Hotel Grad Podvin d.d., Radovljica	Jaka Binter – Director, Aleš Vahčič – Authorised Officer	Supervisory Board: Mitja Kepec – Chairman, Ana Stradar Igljč, Mateja Živec
Croatia		
Triglav Osiguranje d.d., Zagreb	Marin Matijaca – President, Bernhard Melischnig, Jože Obersnel – Authorised Officer	Supervisory Board: David Benedek – Chairman, Tomaž Žust, Gorazd Jenko, Dragomir Ljubojevič, Željko Duralija
Czech Republic		
Triglav Pojišt'ovna a.s., Brno	Miha Vittori – General Manager, Petr Mikulenka	Supervisory Board: Tedo Djekanović – Chairman, Blaž Jakič, Monika Herešova Mrakova
Montenegro		
Lovćen Osiguranje a.d., Podgorica	dr. Radenko Purić – CEO	Board of Directors: Benjamin Jošar – Chairman, David Benedek, Uroš Ivanc
Bosnia and Herzegovina		
Triglav Osiguranje d.d., Sarajevo	Edib Galijatović – President of the Management Board, Edin Muftić	Supervisory Board: Benjamin Jošar – Chairman, Gorazd Jenko, Bakir Pilav
Triglav Osiguranje a.d., Banja Luka	Matej Žlajpah – Director	Board of Directors: Andrej Knap – Chairman, Blaž Jakič, Dejan Jasnić
Serbia		
Triglav Osiguranje a.d.o., Belgrade	Dragan Marković – CEO, Vladimir Mišo Čeplak – Authorised Officer, Matjaž Božič – Authorised Officer	Supervisory Board: Tedo Djekanović – Chairman, Tadej Čoroli, Radenko Purić
Macedonia		
Triglav Osiguruvanje a.d., Skopje	Sanja Tančevska – Executive Director	Board of Directors: Uroš Ivanc – Chairman, Sanja Tančevska, Maja Gazvoda, Blaž Kmetec, Andrej Knap, Marica Makoter

5. Internal and external audit

On 10 June 2014, the General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors for 2014.

The report on the work of the Internal Audit Department is included in Section 12. *Risk Management*.

6. Internal control and risk management system control

The Triglav Group has an efficiently designed and integrated internal control and risk management system. It is promptly adapted to the development of the Triglav Group and organisational changes.

The system exceeds the basic statutory requirements for insurance companies 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. It is also adapted to the upcoming Solvency II requirements. The remaining subsidiaries of the Group in Slovenia and abroad also exceed the statutory and prescribed level of the internal control and risk management system in individual countries.

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 authorities and competences;
- efficient procedures for an on-going control, error prevention, and identification, evaluation, management and monitoring of risks the Company is or may be exposed to in the course of its operation;
- an adequate internal control system that includes appropriate administrative and accounting procedures (reporting, working procedures, risk exposure limits and physical controls);
- compliance with legislation and regulatory requirements.

In compliance with the legislation, an independent Internal Audit Department regularly runs efficiency checks on the internal control and risk management system, and offers upgrade proposals and reports to the Management Board, the Audit Committee and the Supervisory Board. Risk management is further discussed in Section 12. *Risk Management and under Financial Statements (item 4)*.

7. Notes on the takeover legislation

Provisions of the Takeover Act (Official Gazette of the RS Nos. 79/06, 67/07 – ZTFI, 1/08, 68/08, 35/11 - ORZPre75, 105/11 – Constitutional Court Decision, 10/12, 38/12, 56/13, 63/13 – ZS-K and 25/14, ZPre-1)) defining the takeover procedures are also applicable to Zavarovalnica Triglav.

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 capital and shareholders of Zavarovalnica Triglav*.

8. Disclosure of possible agreements or authorisations regarding shares or voting rights

Zavaroalnica 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 Zavaroalnica Triglav is not authorised by the general Meeting of Shareholders to buy its own shares. The Management Board's competence to increase the share capital is described under *Section 5.3.2.2*. The issue 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.

Zavaroalnica 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 as a consequence of an offer as defined by the Takeover Act (ZPre-1).

Zavaroalnica Triglav has not entered into any agreements with members of its management or supervisory bodies or employees that would provide for remuneration if a takeover offer in line with the Takeover Act (Zpre-1) caused them to resign, be dismissed without justified grounds, or caused their employment to be terminated.

