

5. Corporate Governance Statement

- The management and governance of the Triglav Group is guided by common values.
- The Management Board and the Supervisory Board developed and adopted the Diversity Policy, which was used in the appointment to both bodies.
- The term of office of new Supervisory Board members, shareholder representatives, and a new Management Board member commenced.
- Special attention was devoted to strengthening the development of subsidiaries on the markets outside Slovenia, the focus remaining on the latter also in the future.

5.1 Governance policy

The Governance System and Policy of Zavarovalnica Triglav, adopted by the Management and Supervisory Boards, define the main guidelines for the governance of the Company, taking into account the set long-term strategic objectives and values. They are the foundation for setting up and implementing a reliable governance system, which is based on an efficient risk management system and enables the implementation of the business strategy of the Company. The document was published on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav www.triglav.eu.

5.2 Statement of Compliance with the Corporate Governance Code¹⁰

In its operations, Zavarovalnica Triglav abides by the Corporate Governance Code (hereinafter: the Code), which was adopted on 27 October 2016 and published in Slovene and English on the Ljubljana Stock Exchange website <http://www.ljse.si>.

The Statement of Compliance with the Corporate Governance Code for the period from 1 January 2017 to the day of publication in 2018 is available on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav www.triglav.eu.

Zavarovalnica Triglav applies the provisions of the Code. For well-grounded reasons, the Company did not adhere to the following provisions of the Code:

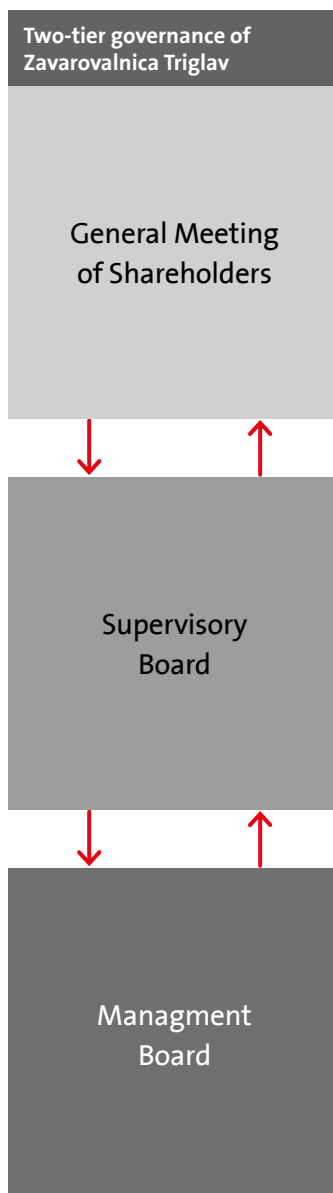
- Point 15.3: The Chairman of the Supervisory Board is the Chairman of the Appointment and Remuneration Committee; between 18 November 2016 and 30 May 2017, he was also the Chairman of the Nomination Committee, an ad-hoc committee of the Supervisory Board, established to carry out a nomination procedure for Supervisory Board members, shareholder representatives. 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 committees.
- Point 19.6: The members of the Management Board did not obtain the approval of the Supervisory Board before being appointed to the management of supervisory bodies of other companies. The Management Board members informed the Supervisory Board of the appointments to the said bodies in accordance with the Insurance Act, which stipulates that the member of the Management Board is required to immediately inform in writing the Supervisory Board that they were appointed or that their term of office in management or supervisory bodies of other legal entities ceased.

In its operations, the Company abides to the Insurance Code, available on the website of the Slovenian Insurance Association at www.zav-zdruzenje.si.

Moreover, Zavarovalnica Triglav has its own code, available at the Company's official web pages <http://www.triglav.eu>. This code presents Zavarovalnica Triglav's fundamental values and principles of operation in order to achieve its business goals, strategic guidelines and competitive advantages in transparent and fair manner and in compliance with the law and ethics.

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. <http://www.sdh.si> and www.triglav.eu).

The Statement is available on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav d.d. www.triglav.eu.



5.3 Management bodies of Zavarovalnica Triglav¹¹

The Company uses a two-tier management system, its management bodies are: **General Meeting of Shareholders, Management Board and Supervisory Board**. The management bodies operate in compliance with the primary and secondary legislation, the Articles of Association and their own rules of procedure. The Articles and Memorandum of Association are available on www.triglav.eu.

5.3.1 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, and notes on reaching a qualifying holding and the restriction on transfer of shares are described in detail in [→ *Sections 6.2*]. See the Insurance Act for further 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 2017 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).

- SDH was the direct holder of 6,386,644 shares or 28.09% of the share capital of Zavarovalnica Triglav. Its share in 2017 remained unchanged.
- Addiko Bank d.d., Zagreb (fiduciary account) held 1,453,894 shares or 6.39% of the share capital of Zavarovalnica Triglav, representing an increase of 13,564 shares over the 2016 year-end.

As at the reporting date, Zavarovalnica Triglav had no other shareholders whose holdings exceeded 5.00% of the share capital, nor any issued securities that would grant their holders special control rights.

General Meeting of Shareholders in 2017

The shareholders of Zavarovalnica Triglav had one general meeting in the reporting period. The 42nd General Meeting of Shareholders was held on 30 May 2017. The total number of shares and voting rights represented at the General Meeting was 17,442,505 or 76.80% of all shares to which voting rights are attached.

- The shareholders took note of the Annual Report of the Triglav Group and Zavarovalnica Triglav for 2016, including the opinion given by the audit firm, and the Annual Internal Audit Report for 2016.
- Furthermore, they took note of the Supervisory Board's report on the verification of the Annual Report for 2016 and its opinion on the Annual Internal Audit Report by the Internal Audit Department for 2016.
- The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 82,421,880.73 as at 31 December 2016:
 - a part of accumulated profits in the amount of EUR 56,837,870.00 shall be used for dividend payments amounting to EUR 2.50 gross per share payable on 16 June 2017 to the shareholders appearing in the Shareholder Register on 15 June 2017;
 - the distribution of the remaining accumulated profit of EUR 25,584,010.73 shall be decided in the next few year.
- The shareholders granted a discharge for the business year 2016 to both the Management and the Supervisory Board of Zavarovalnica Triglav.
- The General Meeting of Shareholders took note that the term of office of five Supervisory Board members, shareholder representatives, i.e. Dubravko Štimac, Mario Gobbo, Gregor Rok Kastelic, Rajko Stanković and Matija Blažič, would expire on 12 June 2017.
- Nataša Damjanovič, Mario Gobbo, Žiga Škerjanc, Andrej Andoljšek and Milan Tomažević were appointed new Supervisory Board members, shareholder representatives, for the four-year term of office, starting as of 13 June 2017.

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

5.3.2 Management Board

The Management Board of Zavarovalnica Triglav manages the Company independently and at its own responsibility, as well as 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.

Any person fulfilling the requirements stipulated by the Insurance Act, the Companies Act and the applicable documents of the Company may be appointed to the Management Board as its President or member. The professional competence and adequacy criteria, which the Management Board members and other individuals are required to meet, are clearly defined in the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d. The Policy sets out the professional competence and adequacy assessment procedure for the Management Board members, which has to be performed before the appointment, periodically, extraordinarily or after the appointment of an individual Management Board member. The Policy also determines the professional competence and adequacy assessment criteria and procedures for the Management Board as a collective body. In assessing the competence of the Management Board as a collective body, the Supervisory Board takes into account the diversity of knowledge and competences which not only allow comprehensive functioning of the Management Board but also contribute to an appropriate variety of skills, knowledge and experience for professional management of Zavarovalnica Triglav. All members should collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

In August 2017, before her appointment, the professional competence and adequacy assessment procedure was carried out for Barbara Smolnikar, the candidate for a Management Board member. In addition, the assessment procedure of the Management Board as a collective body was performed, taking into account the said candidate. It was assessed that Barbara Smolnikar was appropriately qualified and a suitable candidate for a Management Board Member. Furthermore, taking into account the said candidate, it was assessed that the Management Board as a collective body was suitably qualified and appropriate. In November 2017, the periodic assessment of all the other members of the Management Board and the Management Board as a collective body was performed. It was assessed that the Management Board as a collective body was suitably qualified and appropriate.

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 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 Management Board is appointed by the Supervisory Board. The term of office of an individual Management Board member is up to five years, with the possibility of reappointment. 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. Any individual member or President of the Management Board may be dismissed by the Supervisory Board if legal grounds for their dismissal have been established.

5.3.2.1 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 14,740,278.36 through new shares issued for cash contributions within five years as of 2 June 2016. The issue of new shares, the amount of capital increase, 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.

5.3.2.2 Presentation of the Management Board, its functioning and powers

On 17 August 2017, the Supervisory Board appointed Barbara Smolnikar a new Management Board member, starting her five-year term of office on 17 October 2017.

On 2 November 2017, the term of office of the Management Board member Benjamin Jošar expired. Benjamin Jošar was at the helm of the Business Intelligence Department, the Risk Management Department, the Strategic Planning and Controlling Department and the Subsidiary Management Department. He was also responsible for Triglav INT d.d.

Composition of the Management Board in 2017¹²

Name and surname	Post	Area of work in the Management Board (as at 31 December 2017)	Start of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory or management bodies of other companies
Andrej Slapar	President	As the President of the Management, he manages and directs the work of the Management Board and the head office support departments (the Management Board Office, the Legal Office, the Internal Audit Department, the Corporate Communication Department, the Compliance Office, the Business Intelligence Department) as well as the Non-Life Insurance Development and Actuarial Department and the Investment Department. He is in charge of the Corporate Accounts Division, senior management staffing, arbitration, Nuclear Pool, Commercial Association of Slovenian Insurance Companies, reinsurance and asset management.	22 May 2013	11 Nov. 2019	Male	Slovene	1972	LL.B.	Management, strategic management, commercial law, insurance and reinsurance, actuarial science	Krka d.d. Pozavarovalnica Triglav Re d.d. Triglav Skladi d.o.o. (as of 22 November 2017) Triglav INT d.d. (as of 23 November 2017)
Uroš Ivanc	Member	In charge of the following head office support departments: the Strategic Purchasing Department, the Risk Management Department, the Strategic Planning and Controlling Department, the Subsidiary Management Department, Accounting and Finance excluding the Investment Department.	14 July 2014	14 July 2019	Male	Slovene	1975	Master of Science in Business and Organisation	Management and organisation, strategic management, insurance, financial management, financial markets and analysis, asset management, risk management	NLB d.d. (until 7 April 2017) Adriatic Fund B.V. – in liquidation (until 2 February 2017) Triglav INT d.d. Triglav, upravljanje naložb in svetovalne storitve d.o.o. (as of 17 February 2017) Triglav, upravljanje nepremičnin d.d. (as of 24 June 2017)
Tadej Čoroli	Member	In charge of the Innovation and Digitisation Department, the Client Contact Unit, the Marketing Department, the Non-Life Insurance Division, the Non-Life Insurance Claims Division and the Non-Life Insurance Sales Division	29 July 2014	29 July 2019	Male	Slovene	1975	LL.M.	Management, strategic management, commercial law, insurance, marketing	Triglav, Zdravstvena zavarovalnica d.d. Triglav INT d.d. Skupna pokojninska družba d.d.
Barbara Smolnikar	Member	In charge of the Life Insurance Division and the Life Insurance Development and Actuarial Department. Responsible for health insurance, pension insurance and money laundering prevention.	17 Oct. 2017	17 Oct. 2022	Female	Slovene	1967	PhD in Management	Management, strategic management, banking, bancassurance, financial markets and analysis, risk management	Triglav INT d.d. (as of 27 November 2017)
Marica Makoter	Member and Worker Director	As the Worker Director, she represents workers' interests in compliance with the Worker Participation in Management Act. She is in charge of the Organisation Development and Business Process Management Department, the Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department. Moreover, she is responsible for the IT Division, the Back Office Division and the Human Resource Management Division, excluding senior management staffing.	21 Dec. 2011	22 Dec. 2021	Female	Slovene	1972	LL.B.	Management, strategic management, commercial law, insurance, human resources and organisation, worker representation	Triglav INT d.d.
Benjamin Jošar	Member	See Section 5.3.2.2. for the description of the areas of work in the Management Board in 2017.	2 Nov. 2012	2 Nov. 2017	Male	Slovene	1973	Master of Science in Business and Organisation	Management and organisation, strategic management, insurance, corporate finance, financial markets and analysis, banking, investment banking, risk management	Triglav INT d.d. (as of 22 November 2017) Triglav Skladi d.o.o. (as of 26 October 2017) Triglav, upravljanje naložb in svetovalne storitve d.o.o. (as of 17 February 2017)

Data on the remuneration of the Management Board members are disclosed in [→ Section 5.5 of the Accounting report of the Annual Report]. The basis for the remuneration of the Management Board is the Remuneration Policy of Zavarovalnica Triglav d.d., which is based on the Solvency II Directive 2009/138/EC, as amended by Directive 212/23/EU, and Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC.

The Remuneration Policy is designed to ensure the maintenance of adequate capital strength of the Company, to encourage reliable and effective risk management, not to promote the assumption of risks exceeding the allowed risk limits of the Company, and to enable the acquisition and retention of suitably qualified, competent, responsible and committed employees. The Policy serves as a foundation for implementing a robust and reliable governance system and provides integrity and transparency of operations.

Composition and remuneration of the Management Board in 2017

Name and surname	Function (President, Member)	Fixed remuneration – gross (1)	Variable remuneration – gross		Total (2)	Deferred remuneration (3)	Severance pay (4)	Benefits and SVPI (5)	Bonus clawback (6)	Total gross (1+2+4+5+6)	Total net (1+2+4+5-6)
			based on quantitative criteria	based on qualitative criteria							
Slapar Andrej	President	164,449	45,049		45,049	46,130	0	53,463	0	262,961	78,368
Ivanc Uroš	Member	155,725	32,629		32,629	43,824	0	36,491	0	224,845	68,243
Čoroli Tadej	Member	155,501	30,828		30,828	43,824	0	39,813	0	226,142	65,428
Smolnikar Barbara	Member	19,287	0		0	0	0	4,880	0	24,167	6,960
Makoter Marica	Member	155,501	43,432		43,432	43,824	0	38,550	0	237,483	71,105
Jošar Benjamin	Member	143,889	43,432		43,432	43,824	0	33,775	0	221,096	67,717
Total		794,352	195,370	0	195,370	221,426	0	206,972	0	1,196,694	357,821

* For the purposes of this disclosure, it is not required to disclose travel expenses, accommodation costs and daily allowance as, by their nature, they are not considered remuneration for the Management Board.

** The data under item (2) contains the 2nd portion of the bonus for 2014 and the 1st portion of the bonus for 2016 paid in 2017.

*** The data under item (3) contains the 2nd and 3rd portions of the bonus for 2015 and the 2nd and 3rd portions of the bonus for 2016, which will be paid out in the coming years.

**** The data in item (5) contains the benefits and the premium for supplemental voluntary pension insurance.

5.3.3 Supervisory Board

The Supervisory Board is composed of six shareholder representatives and three employee representatives. As a supervisory body, it supervises the Company's business conduct with full responsibility.

The former are elected by the General Meeting of Shareholders and the latter by the Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Their appointment and recall are made in accordance with the law and the applicable documents of the Company. Members of the Supervisory Board are given a four-year mandate and may be re-elected without limitation. The professional competence and adequacy criteria as set out in the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also applies to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Professional competence and adequacy are assessed before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member. In assessing the competence of the Supervisory Board as a collective body, the Supervisory Board takes into account diversity in such a manner that all members must collectively possess the relevant knowledge and experience relating to insurance and financial markets,

the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

The General Meeting of Shareholders may dismiss the members of the Supervisory Board before the expiry of their term of office, while each member of the Supervisory Board may resign from the position under the conditions and in the manner laid down by the Articles of Association.

In March 2017, before their appointment, the professional competence and adequacy assessment procedure was carried out for five candidates for Supervisory Board members, shareholder representatives, i.e. Nataša Damjanovič, Žiga Škerjanc, Mario Gobbo, Andrej Andoljšek and Milan Tomaževič. In addition, the assessment procedure of the Supervisory Board as a collective body was performed, taking into account the previously mentioned candidates. It was assessed that all the above candidates were appropriately qualified and suitable candidates for Supervisory Board members. The Supervisory Board as a collective body, taking into account the said candidates, was assessed to be suitably qualified and appropriate. In November 2017, the periodic assessment of the other members of the Supervisory Board and the Supervisory Board as a collective body was performed, which was assessed to be suitably qualified and appropriate.

The Management Board together with the Supervisory Board developed and adopted the **Diversity Policy**, which defines the commitment of Zavarovalnica Triglav to take account of the different aspects of diversity in relation to representation in the Management Board and the Supervisory Board, such as professional qualifications, experience, skills, knowledge, competences, gender and age, and sets out the objectives, holders, method of implementation and reporting on the results achieved during the reporting period. Its objectives are to ensure:

- complementarity and diversity in the Management Board and the Supervisory Board by taking into account various qualifications, experience and knowledge defined in the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d., which allow not only prudent and careful management or supervision of the Company but also the implementation of strategic objectives, thereby ensuring the long-term value for all key stakeholders;
- gender balance;
- representation of various age groups.

On 18 November 2016, upon setting up the Nomination Committee to carry out a nomination procedure for new Supervisory Board members – shareholder representatives, the Supervisory Board adopted the decision to take into account, in the context of regulatory conditions, diversity both in terms of knowledge, skills and experience as well as in terms of other circumstances, such as gender, age or education, in the selection procedure of the candidates for Supervisory Board members.

In drawing up the proposal for the candidates for new Supervisory Board members – shareholder representatives, the Supervisory Board took into account diversity in such a manner that all members must collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates. Diversity in terms of gender, age, education and internationality was also taken into account. Among the proposed candidates are female candidates, candidates of different ages and a candidate who is solely active in the international environment.

5.3.3.1 Competences of the Supervisory Board

The competences and decision-making rules of the Supervisory board are set out by law, the 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.

5.3.3.2 Supervisory Board in 2017

On 12 June 2017, the term of office of following Supervisory Board members, shareholder representatives, expired: Dubravko Štimac, Mario Gobbo, Gregor Kastelic, Rajko Stanković and Matija Blažič. Nataša Damjanovič, Mario Gobbo, Žiga Škerjanc, Andrej Andoljšek and Milan Tomažević were appointed new Supervisory Board members, shareholder representatives, for the four-year term of office, starting as of 13 June 2017. The four-year term of office of Igor Stebernak began on 2 June 2016. Boštjan Molan, Peter Celar and Ivan Sotošek were elected as Supervisory Board members, employee representatives, for a four-year term of office commencing on 31 May 2015.

At its session on 18 August 2016, the Supervisory Board appointed Igor Stebernak its Chairman, and on 21 June 2017 Andrej Andoljšek was appointed its Vice Chairman, as the term of office of the previous Vice Chairman, Gregor Kastelic, expired on 12 June 2017.

Composition of the Supervisory Board in 2017¹³

Name and surname	Post	Start of term of office (the first)	End of term of office	Attendance of sessions of the Supervisory Board / total number of Supervisory Board sessions	Gender	Nationality	Date of birth	Education	Professional profile	Independence pursuant to Article 23 of the Corporate Governance Code	Existence of conflict of interest in 2017	Membership in the supervisory or management bodies of other companies while serving as a SB member	Membership in Supervisory Board committees	Function in Supervisory Board committees	Attendance of meetings of Supervisory Board committees / total number of meetings of Supervisory Board committees
Igor Stebernak	Chairman	18 Aug. 2016	2 June 2020	9 of 9	Male	Slovene	1968	BSc in Electrical Engineering, MBA	Banking, insurance, strategic management, financial markets and analysis, controlling, accounting and business process reengineering	YES	YES (twice, self-exclusion)	/	Appointment and Remuneration Committee	Chairman	10 of 10
													Nomination Committee	Chairman	6 of 7
Andrej Andoljšek	Member	13 June 2017	21 June 2017	5 of 5	Male	Slovene	1970	BSc in Economics	Financial and general management, financial markets and analysis, banking, corporate governance, business and financial restructuring of companies	YES	NO	/	Strategy Committee	Member	1 of 1
	Vice Chairman	21 June 2017	13 June 2021												
Milan Tomaževič	Member	13 June 2017	13 June 2021	5 of 5	Male	Slovene	1946	BSc in Economics	Insurance and reinsurance, informatics, management and actuarial science	YES	NO	/	Strateška komisija	Chairman	1 of 1
Žiga Škerjanec	Member	13 June 2017	13 June 2021	5 of 5	Male	Slovene	1978	LL.B.	Corporate law and finance and the operation of the supervisory boards	YES	YES (once, self-exclusion)	Luka Koper d.d.	Strategy Committee	Member	1 of 1
Nataša Damjanovič	Member	13 June 2017	13 June 2021	4 of 5	Female	Slovene	1965	Bachelor of Economics	Financial markets and analysis, banking, marketing and strategic management	YES	NO	/	Appointment and Remuneration Committee	Member	4 of 5
													Audit Committee	Member	3 of 4
Mario Gobbo	Member	12 June 2013	13 June 2021	8 of 9	Male	Italian	1953	PhD in Economics	Banking, financial management, financial markets and analysis, investment banking, investment, restructuring, acquisition of financial assets and privatisation	YES	NO	/	Audit Committee	Chairman	9 of 9
Peter Celar	Member	30. 5. 2011	31. 5. 2019	9 of 9	Male	Slovene	1958	Bachelor of Economics	Insurance	YES	NO	/	Strategy Committee	Member	7 of 7
													Nomination Committee	Member	
Boštjan Molan	Member	31. 5. 2015	31. 5. 2019	9 of 9	Male	Slovene	1973	Bachelor of Economics	Insurance	YES	NO	/	Appointment and Remuneration Committee	Member	10 of 10
Ivan Sotošek	Member	31 May 2015	31 May 2019	9 of 9	Male	Slovene	1969	LL.M.	Insurance	YES	NO	/	Audit Committee	Member	9 of 9
Gregor Kastelic	Vice Chairman	1 July 2013	12 June 2017	3 of 4	Male	Slovene	1968	BSc in Economics, MBA	Financial management, financial markets and analysis, banking, investment banking and marketing	YES	NO	/	Strategy Committee	Chairman, Member	/
Dubravko Štimac	Member	12 June 2013	12 June 2017	2 of 4	Male	Croatian	1966	PhD in Economics	Investment banking, capital markets and pension fund management	YES	NO	Podravka d.d. Zagrebška borza d.d.	Appointment and Remuneration Committee	Member	2 of 5
Rajko Stanković	Member	12 June 2013	12 June 2017	3 of 4	Male	Slovene	1968	Senior administrative worker	Administrative procedures, organisation, management and logistics	YES	NO	Žito d.d.	Audit Committee	Member	4 of 5
Matija Blažič	Member	12 June 2013	12 June 2017	4 of 4	Male	Slovene	1946	BSc in Administrative Organisation	Organisation of work, economics and management accounting, human resources and finance, quality system auditor	YES	NO	Petrol d.d.	/	/	/

External members of the Supervisory Board Committees in 2017

Name and surname	Supervisory Board committee	Attendance of meetings of Supervisory Board committees / total number of committee meetings	Gender	Nationality	Education	Date of birth	Professional profile	Membership in the supervisory bodies of other companies while serving as a SB committee member in 2017
Barbara Nose	Audit Committee	5 of 5	Female	Slovene	BSc in Economics, audit specialist	1964	Accounting, audit, certified auditor	/
Mitja Svoljšak	Nomination Committee	7 of 7	Male	Slovene	BSc in Economics	1974	Corporate finance, asset management	GEN energija d.o.o.
Milena Pervanje	Nomination Committee	7 of 7	Female	Slovene	BSc in Economics	1959	HR Advisor	/
Simon Kolenc	Audit Committee	3 of 3	Male	Slovene	BSc in Economics	1977	Finance, accounting, audit	/

By signing the Statement of Independence and *Loyalty* (www.triglav.eu), the members of the Supervisory Board declared themselves on their meeting of the criteria of conflict of interest laid down in Appendix B of the Corporate Governance Code.

Data on remuneration of the Supervisory Board members are disclosed in [→ *Section 5.5 of the Accounting report of the Annual Report*]. Remuneration of the Supervisory Board members was in line with the resolution passed by the 41st General Meeting of Shareholders of Zavarovalnica Triglav.

Composition and remuneration of the Supervisory Board and its committees in 2017

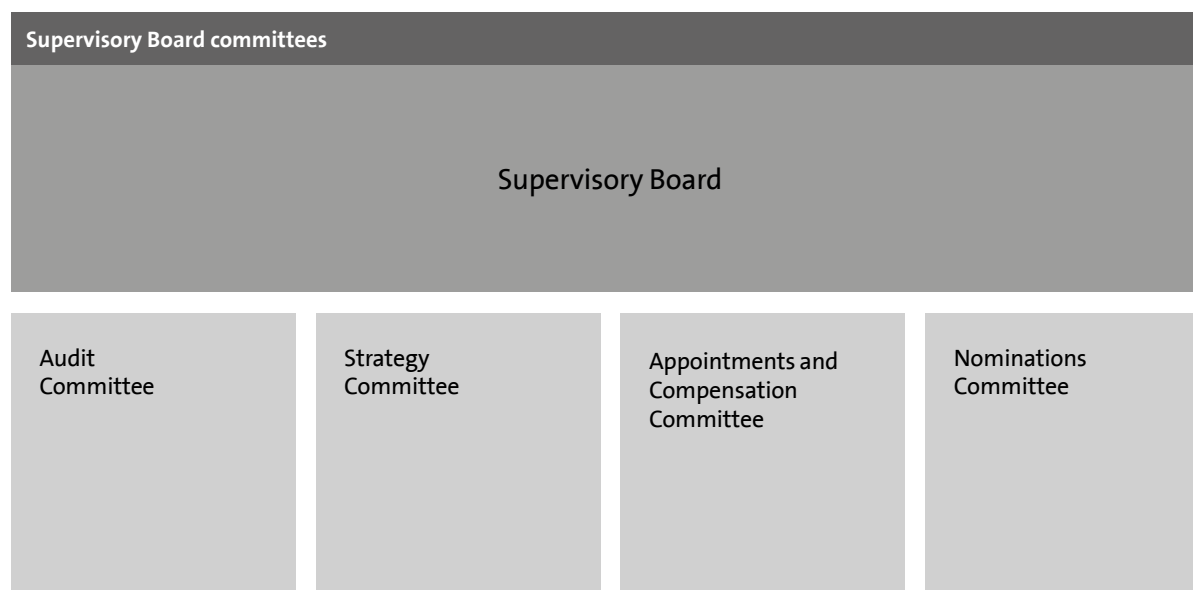
Name and surname	Function (Chairman, Vice Chairman, Member, External committee member)	Remuneration for performing the function – gross per year (1)	Attendance fees for SB sessions and committee meetings – gross per year (2)	Total gross (1+2)	Total net*	Gross travel expenses	Gross travel expenses*
Igor Stebernak	Chairman	28,000	5,863	33,863	24,629	0	0
Andrej Andoljšek	Member	11,021	1,595	12,616	9,175	0	0
Milan Tomažević	Member	11,219	1,595	12,814	9,319	171	125
Žiga Škerjanec	Member	12,208	2,607	14,815	10,775	0	0
Nataša Damjanovič	Member	12,208	2,508	14,716	10,703	0	0
Mario Gobbo	Member	21,281	4,092	25,373	16,715	36,141	23,808
Boštjan Molan	Member	18,667	4,543	23,210	16,880	627	456
Peter Celar	Member	18,667	4,235	22,902	16,656	0	0
Ivan Sotošek	Member	18,667	4,367	23,034	16,752	1,561	1,136
Matija Blažič	Member	6,750	1,100	7,850	5,709	468	341
Gregor Kastelic	Member	10,738	2,145	12,883	9,984	3,489	2,704
Rajko Stanković	Member	8,438	1,661	10,099	7,345	0	0
Dubravko Štimac	Member	0	0	0	0	0	0
Simon Kolenc	External committee member	3,125	770	3,895	2,833	51	37
Barbara Nose	External committee member	3,375	1,320	4,695	3,415	0	0
Mitja Svoljšak	External committee member	1,565	1,540	3,105	2,258	0	0
Milena Pervanje	External committee member	1,565	1,540	3,105	2,258	0	0
Total		187,494	41,481	228,975	165,406	42,508	28,607

* The amount paid to an individual's account as the payment after deducting the income tax prepayment, which does not take into account any subsequent payments of an individual's personal income tax.

5.3.3.3 Composition of Supervisory Board committees and their activities in 2017

Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other professional tasks.

In 2017, the Supervisory Board committees were the following: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee as an ad-hoc committee.



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. The most important tasks include:

- monitoring the accounting reporting process, creating reports and drafting proposals for ensuring its comprehensiveness;
- monitoring the efficiency and effectiveness of internal controls, internal audit and risk management systems;
- monitoring the mandatory audit of annual and consolidated accounting statements and reporting on the audit findings to the Supervisory Board;

- being in charge of the auditor selection procedure and proposing a candidate to the Supervisory Board to audit the Company's annual report and participating in the drafting of an agreement between the auditor and the Company;
- supervising the integrity of financial information provided by the Company; evaluating the drafting of the annual report, including a draft proposal for the Supervisory Board;
- cooperation with the Internal Audit Department, monitoring their interim reports, 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.

In 2017, the Audit Committee was composed of the following members:

- until 12 June 2017: Mario Gobbo as its Chairman, Rajko Stanković and Ivan Sotošek as its members, and Barbara Nose as the outsourced independent expert;
- from 21 June 2017: Mario Gobbo as its Chairman, Nataša Damjanovič and Ivan Sotošek as its members, and Simon Kolenc as the outsourced independent expert as of 19 August 2017.

Appointment and Remuneration Committee

The main duties and competences of the Appointment and Remuneration 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;
- performance of the professional competence and adequacy assessment for the Management and Supervisory Board members in line with the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- 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, assessment of the Supervisory Board's work against the Code of Corporate Governance).

Until 12 June 2017, the Appointment and Remuneration Committee had the following composition: Igor Stebernak as its Chairman, Dubravko Štimac and Boštjan Molan as its members; from 21 June 2017, its composition was the following: Igor Stebernak as its Chairman and Nataša Damjanovič, Žiga Škerjanec and Boštjan Molan 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. The main areas of its operation include discussing and preparing proposals related to strategic development and planning of the Triglav Group and the realisation of its strategic plans.

The Strategy Committee was composed of Gregor Kastelic as its Chairman and Mario Gobbo and Peter Celar as its members. From 21 June 2017, its composition was the following: Milan Tomažević as its Chairman and Andrej Andoljšek, Žiga Škerjanec and Peter Celar as its members.

Nomination Committee

The Nomination Committee is an ad-hoc committee of the Supervisory Board, established to carry out a nomination procedure for Supervisory Board members, shareholder representatives. The Committee sets the selection criteria unless the Supervisory Board decides otherwise. It makes a list of the candidates for Supervisory Board members and asks the Appointment and Remuneration Committee to draw up an assessment of their professional competence and adequacy. The Nomination Committee then submits to the Supervisory Board a nomination proposal for one or several candidates for Supervisory Board members, shareholder representatives.

Since the four-year term of office of five Supervisory Board members, shareholder representatives, expired on 12 June 2017, on 18 November 2016 the Supervisory Board established a Supervisory Board Nomination Committee for a period of time ending with the appointment of new Supervisory Board members, i.e. until 30 May 2017. The Committee was composed of Igor Stebernak as its Chairman, Gregor Kastelic and Peter Celar as its members, and Mitja Svoljšak and Milena Pervanje as its external members.

5.4 Governance and management of subsidiaries¹⁴

The subsidiaries are managed in line with the Triglav Group Strategy. With respect to the subsidiaries in Slovenia, the Subsidiary Management Department is responsible for comprehensive supervision of the governance of subsidiaries, for identifying and achieving synergies and for the supervision of the implementation of the planned activities, while Triglav INT is in charge of the subsidiaries abroad. Each subsidiary is managed in accordance with the Governance Policy of Zavarovalnica Triglav's Subsidiaries, which lays down all fundamental principles of governance, while its subsidiaries are managed in line with the Governance Policy of Triglav INT's Subsidiaries.

Adhering to the values of the Triglav Group is an ongoing process in all subsidiaries and the key guideline in their management. The values of simplicity, professionalism and modernity are followed by transferring the minimum standards and seeking the possibilities of business process centralisation in subsidiaries. Responsibility and safety are ensured through efficient management and supervision of subsidiaries. The Company actively encourages and connects subsidiaries so as to effectively implement and transfer good practices by continuously monitoring their operations and the achievement of the set objectives. Long-term effort to increase the value of the Group's assets is also an important objective.

The subsidiaries of the Group adhere to the key strategic objectives and goals. In their management, the Company promptly monitors the implementation of the set strategy and identifies the opportunities for improvement in order to not only adapt to the situation but also take advantage of the business opportunities in the environment, with the aim of achieving optimal development of both individual subsidiaries and the Group as a whole. In 2017, special attention was paid to the strengthening of business development of insurance subsidiaries abroad and their competitive position, which will continue to be the key focus in the coming year.

The Group members cooperate in the realisation of strategic projects (in particular joint digital sales, digitisation of insurance business processes, renovation of the organisational culture). Particular attention is devoted to the planning of the foundations of the single information-data system, which will allow the Company to use the data even more efficiently for fast, timely and quality decision-making as well as for improving the operations at the Group level. In order to meet this objective, adequate and centralised information infrastructure as well as uniform application support are needed in all subsidiaries. In the coming period, greater focus will be on strengthening and achieving synergies in various areas, especially at a horizontal level, i.e. among the basic segments or activities of the Group.

The composition of governance and management bodies as at 31 December 2017

Subsidiary	Management	Supervisory function
Slovenia		
Pozavarovalnica Triglav Re d.d., Ljubljana	Gregor Stražar – President, Tomaž Rotar – Member, Stanislav Vrtunski – Member	Supervisory Board: Andrej Slapar – Chairman, Tomaž Žust, Sebastjan Debevc, David Benedek
Triglav, Zdravstvena zavarovalnica d.d., Koper	Meta Berk Skok – President, Simon Vidmar – Member	Supervisory Board: Tadej Čoroli – Chairman, Blaž Jakič, Tomaž Krevatin
Skupna pokojninska družba d.d., Ljubljana	Aljoša Uršič – President, Peter Krassnig – Member	Supervisory Board: Tadej Čoroli – Chairman, Miha Grilec, Aleš Vahčič, Primož Plantarič, Jaka Kirn, Miran Kalčič, Lotti Natalija Zupančič, Vesna Vodopivec, Branko Miklavčič, Rok Pivk, Aleš Aberšek
Triglav Skladi, družba za upravljanje d.o.o., Ljubljana	Igor Kušar – President, Andrej Petek – Member	Supervisory Board: Andrej Slapar – Chairman, Blaž Kmetec, Meta Berk Skok
Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale	Edvard Kranjčič – Director, Tedo Djekanović – Authorised Officer	Supervisory Board: Primož Plantarič – Chairman, Matjaž Novak, Lidija Breznik
Triglav INT, holdinška družba d.d., Ljubljana	David Benedek – Chief Executive Officer, Tedo Djekanović – Executive Director	Board of Directors: Andrej Slapar – Chairman, Barbara Smolnikar, Marica Makoter, Uroš Ivanc, Tadej Čoroli, David Benedek, Tedo Djekanović
Triglav Avtoservis d.o.o., Ljubljana	Edvard Zabukovnik – Director, Boris Kuhelj – Director	Supervisory Board: Matej Ferlan – Chairman, Nataša Novak Priveršek, Aleš Klement
Triglav, Upravljanje nepremičnin d.d., Ljubljana	Mitja Selan – President, Aleš Vahčič – Member	Supervisory Board: Uroš Ivanc – Chairman, Ksenija Zajc, Polona Peterle, Nataša Novak Priveršek
Croatia		
Triglav Osiguranje d.d., Zagreb	Marin Matijaca – President, Denis Burmaz – Member, Mišo Čeplak – Authorised Officer	Supervisory Board: David Benedek – Chairman, Tomaž Žust, Gorazd Jenko, Darko Popovski, Nives Matijević
Montenegro		
Lovćen Osiguranje a.d., Podgorica	Matjaž Božič – Executive Director	Board of Directors: David Benedek – Chairman, Tomaž Žust, Darko Popovski
Lovćen životna osiguranja a.d., Podgorica	Zorka Milić – Executive Director	Board of Directors: Igor Zupan, Janez Rožmarin, Rok Dremelj
Bosnia and Herzegovina		
Triglav Osiguranje d.d., Sarajevo	Edib Galijatović – President, Edin Muftić – Member	Supervisory Board: Tedo Djekanović – Chairman, Janko Šemrov, Matej Gostiša
Triglav Osiguranje a.d., Banja Luka	Matej Žlajpah – Director	Board of Directors: David Benedek – Chairman, Blaž Jakič, Izток Šekoranja, Draško Milinović
Serbia		
Triglav Osiguranje a.d.o., Belgrade	Dragan Marković – General Manager, Blaž Jakič – Member of the Board of Directors	Supervisory Board: Tedo Djekanović – President, Radenko Purić, Vuk Šušić, Gorazd Jenko, Fejsal Hrustanović
Macedonia		
Triglav Osiguruvanje a.d., Skopje	Gjorge Vojnović – Chief Executive Officer, Sanja Tančevska – Executive Officer Rok Pivk – Executive Officer	Board of Directors: Tedo Djekanović – President, Darko Popovski, Matej Ferlan, Blaž Kmetec, Gjorge Vojnović, Sanja Tančevska, Rok Pivk
Triglav Osiguruvanje Život a.d., Skopje	Aleksandar Andonovski – Chief Executive Officer	Board of Directors: Tedo Djekanović – President, Igor Donevski, Aleksandar Andonovski

5.5 Internal and external audit

On 31 May 2016, the General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors for 2016, 2017 and 2018.

The report on the work of the Internal Audit Department is included in [[→ Risk Management, Section 1.1](#)].

5.6 Internal controls and risk management in relation to accounting reporting¹⁵

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

The internal control and risk management system was set up at all organisational levels, in all 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 ongoing control, error prevention, and identification, assessment, management and monitoring of risks to which the insurance undertakings are or may be exposed in the course of their operations;
- 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.

The Internal Audit Department is an independent organisational unit, set up in compliance with the law. It regularly runs efficiency checks of the internal control and risk management system and offers upgrade proposals as well as reports to the Management Board, the Audit Committee and the Supervisory Board.

The characteristics and operation of the risk management system are discussed in detail in [[→ Section 1 of Risk Management](#)].

Internal controls are guidelines and procedures established by Zavarovalnica Triglav as the parent company of the Group and implemented at all levels in order to manage the risks related to financial reporting. They serve to manage risks related to financial reporting and compliance with the applicable laws and other external and internal regulations.

Accounting controls are based on the principles of truthfulness and appropriate sharing of responsibilities, checking the performance of transactions, keeping of up-to-date records, compliance of books of account with the actual situation, separation of the records from the performance of transactions, professionalism of accountants and their independence. Accounting controls are closely linked to IT controls, which, inter alia, restrict and control access to the data and applications and ensure completeness and accuracy of data capturing and processing.

5.7 Notes on the takeover legislation

The provisions of the Takeover Act (hereinafter: ZPre-1) 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 and shareholders of Zavarovalnica Triglav](#)].

5.8 Disclosure of possible agreements or authorisations regarding shares or voting rights

Zavarovalnica 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 Zavarovalnica 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 5.3.2.1](#)]. The issue of new shares, the amount of capital increase, 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.

Zavarovalnica 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).

Zavarovalnica 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 bid in line with the Takeover Act caused them to resign, be dismissed without justified grounds, or caused their employment to be terminated in some other manner.

Andrej Slapar,
President of the Management Board

Uroš Ivanc,
Member of the Management Board

Tadej Čoroli,
Member of the Management Board

Barbara Smolnikar,
Member of the Management Board

Marica Makoter,
Member of the Management Board